THE CHINA WEEKLY REVIEW

密勒氏評論報

A Weekly Newspaper Established In 1917

June 26, 1948

CHILD TIN MINERS

AN EDITORIAL

Blessings Of Colonialism

An Editorial

The Great Chess Game

J. R. Kaim

Uncontrollable Price Boom

K. Stone

RESPONSIBILITY

AN EDITORIAL

VOLUME 110 PRICE CNC$150,000 NUMBER 4

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LETTERS From The People

Comments from readers on current topics are cordially invited: their opinions, however, do not necessarily represent the views of The China Weekly Review.

Property Tax Proposal

To The Editor:

The proposal for imposition of a temporary property tax advocated by 49 legislators headed by Liu Pu-tung has aroused the attention of many people.

"The imposing of a property tax," stressed the legislators, "has as its sole aim the equalization of social wealth. By imposing such a tax it will be possible to change private capital into a national one. With the increase of the nation's income, inequalities among private individuals will thus be eliminated by degrees. This will be in conformity with the principle of the people's livelihood."

Superficially, the proposal sounds good and seems to be worthy of support. But considering the condition of things as they are, one finds it more harmful than beneficial. It would be better for the advocates not to insist on having the proposal passed as an established law.

In the past, the Government has attempted to meet its financial stringency with a series of new systems of collections, such as the inheritance tax, income tax, imposition on influential capitalists, special relief contribution, etc. However, none of these has achieved satisfactory results.

They have failed because a large portion of the revenue goes into the coffers of those in charge of collecting the tax, leaving only a small balance for the national treasury. The cause of this failure invariably has been the Government's tolerance of corruption.

Thus, so long as the new constitutional Government fails to prove itself resolute in the eradication of corruption, any new form of taxation will be a repetition of former blunders and will further aggravate the people's suffering.

Moreover, it must be pointed out that people in the bandit-held areas have been deprived of property. Consequently, any property tax would be non-existent there, and should the KMT areas be constantly reduced through the expansion of the Communists' influence, the amount collected under a property tax would be limited.

Wise and cunning as most legislators are, they will not, I believe, run the risk of being charged with increasing a public burden which is already too heavy.

T. P. YANG.

Hanyang
June 13, 1948.

Supervision Of Relief

To The Editor:

In the light of the past disgraceful record of CNRRA, the relief office of our Government, and with a view to preventing further corruption in the handling of relief funds, I fully agree with the proposal made by the appropriation committee of the US House of Representatives that an office of supervision similar to that in Greece and Turkey be established.

This would ensure that the money and supplies granted to China under the Foreign Assistance Act will be used to the best effect in relieving the lao pai hsing and thereupon laying the foundation for a new and powerful China.

It would also assure the American

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taxpayers that their money would not be spent in vain and would actually do some good.

Presumably, I will be accused of lacking national respect for holding such views, but just as the proverb says "facts speak louder than words," so future events will prove whether or not my opinion is correct.

WU MO-SHIN.

Chungking
June 11, 1948.

Letter Answered

To The Editor:

Since you published my letter in the April 24 issue of the *Review*, I have received an answer from my friend Mr. Loo, who is now studying in the Tanyang Arts College, Kiangsu. Hence, I shall send him many copies of your *Review* and some other English language magazines which I have finished reading. This is to thank you very much.

FUH K. LAING.

Tientsin
June 8, 1948

Shades Of Tsing

To The Editor:

Last week, I read that some organs and societies in Peiping have proposed that the National Central University and National Chekiang University be dissolved. They wanted mainly to bar the Communist Professional Students from the universities.

As a matter of fact, the "Communist label" is too freely applied in our country. However, innocent people, if they say anything about the misgovernment of the present regime, are suspected as Communists. Students, because of their dissatisfaction with present conditions, are regarded as dangerous factors in this way.

The present measures for pressing students to fight Communist expansion remind me of the bitter experience of the Tsing dynasty, during which the Hans were mistreated by the Manchurian king in order to check the people's revolution. The tragic result was that the Manchurian king, as well as the Tsing dynasty, was vanquished by the people. Is history repeating itself?

SHAO LAN LEEY.

Wukang, Hunan
June 4, 1948

Press Gangs

To The Editor:

In the past, when our country was under the control of militarists, there were press gangs in all cities to press the lao pai hsing into the Army. Now that China has a Constitution, and its citizens have constitutional rights to protect them, we don't expect such things to happen.

Of late, however, in Canton, Fatshan and some other hsiens of Kwangtung, many citizens are in danger of being pressed into military service by the pressmen. A friend of mine in Canton fell into their hands. He was caught by two armed men as he was going home and accused of being a deserter. Then he was forced into a boat with others who shared the same fate. His family found out later and, after many difficulties, could get him out only by paying a large sum of money.

Thanks to the particular situation in Canton, things do not go from bad to worse, but in Fatshan the situation has become very serious. It is said that, owing to the increasing activity of press gangs, many people dare not go out and business has come to a standstill. Such being the case, I cannot help wondering, where is our Constitution?

CHUNG-YEAN LO.

Canton
June 10, 1948

Nation's Pests

To The Editor:

At the time the nomination for the premiership was under way it seemed quite difficult to appoint an able man who would be willing to take the risk of running the country. General Ho Ying-chin, it was said, had refused to accept this position although he was the nation's ideal premier in the eyes of the Chinese people. Everyone wanted a good man for the job. But no one wanted to take it himself. How is it that there was no real competition for such a key position?

The reason is that there is only destructive criticism and too many attempts to lay the blame on somebody else, as one Shanghai paper stated recently. In present China, many people who themselves cannot do anything criticize others. As a result, no self-respecting statesman wants to make himself the scapegoat of the people. In fact, criticism is not actually a bad phenomenon in a democratic country. Yet merely to criticize others is not enough; what is needed in China is "constructive action." We need practice and not theory; we need performance and not high-sounding phrases. Anyone who can do these things ought to do his share for his country. Those who only seek to criticize others are the pests of the nation.

Now, Dr. Wong Wen-hao, the present premier is the recipient of many criticisms. Some say he is too honest to face the critical situation while some say he can never improve or reform domestic affairs because he dares not change even one minister without the approval of President Chiang. But nobody offers him constructive criticism. Many critics are waiting to find fault with Dr. Wong, many big shots envy his position and all the people are anxious for his reforms. Whether he is qualified or not remains to be seen.

HSU SHIH CHIN.

Kaifeng, Honan
June 12, 1948.

Hongkong Protest

To The Editor:

Enclosed is a copy of a letter sent to the Netherlands Consul-General in Hongkong:

To His Excellency the Consul-General of the Netherlands in Hongkong:

The undersigned Chinese cultural workers and artists solemnly protest against a series of incidents in which the colonial authorities in Dutch East Indies have been oppressing the Chinese democrats. It is hoped that your excellency will speedily transmit the protest to the Dutch Government and the local authorities of the Dutch East Indies.

Recently a series of unfortunate events detrimental to the traditional friendship between the Chinese and the Dutch have occurred in various parts of the Dutch East Indies. At Medan, in eastern Sumatra, the Dutch authorities have ordered the deportation, without any ground, of Mr. Shao Chung-han, Editor of the *Democracy Daily* and of Mr. Fei Cheng-tung, responsible member of the eastern Sumatra chapter of the Democratic League. They further announced that they would extradite these two gentlemen to the Nanking Government. In Krimon Island a non-partisan educationist, Mr. Lien Hsiao Eu, who taught at the Pei Pen School was to be deported. This action was based on the destructive information supplied by the local Kuomintang secret agents whom he had offended by not signing his name on the local Kuomintang-sponsored cable of felicitation to the presidential election.

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Lin Hsiang-ch'ang, a literary writer, was suddenly arrested by the local government because he had written an article critical of the situation in his fatherland.

We hope the Dutch Government realizes the indignation of the Chinese people and especially of the Overseas Chinese aroused by this series of persecutions against Chinese democrats. The above-mentioned gentlemen have been residents in the South Sea Islands for a long time. They have been concerned only with democratic reforms in China; they have violated no law in the local communities. They have fought side by side with the Allies during the second world war in resisting Japan, the common enemy of the Chinese and Dutch nations. Now the Dutch Government persecutes them without any ground, interferes with their freedom of belief and thought, arbitrarily arrests and deports them, and even announces that they will be extradited to the Nanking Government. Such acts not only contradict international laws but also violate the stipulation in the Atlantic Charter of bodily freedom.

On behalf of the traditional friendship between the Chinese and the Dutch nations, as well as their cooperation in the Far East hereafter, we urgently hope that the Dutch Government will immediately stop such acts detrimental to Sino-Dutch friendship.. If the Dutch colonial authorities persist in deliberate and hostile activities against the Chinese people, they will be held responsible for any unfortunate consequences in the future.

Signed:

Kuo Mo-jo	Writer and Archæologist
Mao Tun	Novelist
Ma Hsu-lun	Historian, former professor of the Peking University
Hou Huai-lu	Historian, professor
Feng Nai-ch'ao	Poet, commentator
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Sheng Chih-yuen	Economist
Cheng Chao-lun	Professor, scientist
Teh Wei	Artist
Chang Min	Director, writer

Hongkong
June 5, 1948.

US-USSR Exchange

To The Editor:

Recently, there was a very important and intense argument between America and Russia. It was caused by a letter written by Truman to Stalin, in which Truman proposed to improve the present situation in the world by direct consultation between America and Russia.

Hearing the news, how happy we were! We thought that the wise proposition of Truman at least promised a glimpse of hope, and we were afraid only of Stalin's refusal. But to our great amazement, Stalin agreed, while Truman soon revealed there would be no change in the basic policy of America toward Russia and that he had doubts as to Stalin's sincerity in trying to work out a solution for the many problems threatening the existence of all democratic nations. He also expressed

his opinion about publication of the secret letter without his knowledge. This naturally gave rise to an intense argument between these two great powers.

Now this argument has nearly ended, but its influence on the world becomes greater by the day. To speak frankly, we oppose both their recriminations, especially that of Truman. If he did not intend to make a change in his basic policy and had no belief in Stalin's sincerity, why did he make such a proposal in the first place? Perhaps at the beginning, Truman wanted to soften the fact of strengthening America's military affairs and to diminish the power of Wallace. Then, later, perhaps he feared that he would lose the support of Wall Street in the presidential race, because true cooperation between America and Russia would be harmful to Wall Street, although very good for the American people. If Wallace had been Truman, certainly he would not have done so.

Undeniably, the majority of the people in the world want and need permanent peace. I hope Truman and his government will not continue to overlook this.

LEE CHANG SU.

Wukang, Hunan
June 5, 1948.

Honan Battlefield

To The Editor:

After reading Mr. Huang's article entitled, "Honan: Today and Tomorrow," in the May 22 issue of the *Review*, I feel there is truth in what he says. Being a continual battlefield, Honan has suffered acutely from the war, and the Honanese have led a dog's life.

Since the Communists took over Honan as a military springboard, it has been doomed. The poorest Honanese, who suffered during the anti-Japanese war, continue to suffer from the cruel civil war. They are all Chinese, but why are they so unfortunate?

I hope the constitutional Government can save those who are starving in Honan.

LI LU CHIANG.

Foochow, Fukien
May 29, 1948.

Teachers' Plight

To The Editor:

Practically every teacher in the Government Middle School here finds time weighing heavily on his hands. At the sound of the bell calling us to class, we teachers immediately feel as if we are about to enter a torture chamber.

Our reluctance to teach classes is overwhelming. Demoralized to such an extent, all we hope for is the quick end to the term so that we may be exempt from our dull duties and may obtain a breathing space for a short period.

Our work is heavy (we are required to teach from 20 to 25 hours a week plus our duties as "head master") while our salary is scarcely enough to keep a family of two alive. Under such circumstances, it is only natural that we find it hard to work with a will. What is more, the majority of the pupils show little interest or concern about their studies and this factor plays no small role in our unwillingness to teach.

All these above-mentioned abnormalties should be, in my opinion, laid at the door of the Civil War. Without the Civil War, there could not have been such a violent inflation and the continuing mounting of prices and we all would not be groaning under the burden of present day life. Without the Civil War and with the peaceful reconstruction of the country actually taking place, there certainly would be a more healthy atmosphere in which the students might easily appreciate the importance of their studies with regard to their future. In a nutshell, all the present day educational crises so much deplored can well be attributed to the present Civil War.

J. H.

Sinhui, Kwangtung
May 9, 1948.

Eclipse Of The Sun

To The Editor:

A month ago, the whole Wang village was shut out from the bright sun at half-past ten in the morning. I heard noise outside my window, and as the room became darker, the country folk jostled as if an incredible disaster had come. It was said that the heavenly sun would soon devour the moon. Farmers beat their drums in order to frighten it away.

Many students had been informed by their teacher of natural science that there would be an eclipse of the sun that morning and were interested in viewing such a natural phenomenon. But I regret that the farmers are too illiterate to understand it.

Now and then we hear about a movement for public education under the auspices of our government. But we can hardly see its effect. People are still superstitious, as the above incident demonstrates. I wish our government would improve the situation in the days to come.

LIU TSEH WU.

Chuichow, Chekiang
June 11, 1948.

Engineers' Day Speech

To The Editor:

On June 6, 1948, which was Engineers' Day, the president of a national university in Tientsin addressed a mass meeting of engineers as follows:

"....The Communists attack our Government as corrupt, but can you point out any one official in Tientsin as being corrupt? No, you cannot.

"....The Communists attack our Government as inefficient, but all the efficient people of China are in our Government....."

I request the president to consider the following points:

1. During the past two years, there have been innumerable cases of corruption in Tientsin, many of which have been publicly criticized or dealt with by the local court.

2. The people in the Government may be efficient personally and individually, but what they have done as a whole, as judged by the public, has not been efficient at all. May we trace the cause of this inefficiency and improve it if we can?

Mr. President, I think it is useless to deny the corruption, or be content with the present efficiency. I request you to reconsider your speech and make it better when you next speak to the engineers.

TIENTSIN ENGINEER.

Tientsin
June 10, 1948.

Conditional Release

To The Editor:

Through the columns of your esteemed *Review*, I would like to ask a few pertinent questions regarding the law concerning "Conditional Release, Criminal Code of the Republic of China."

Article 77 reads: "Whoever during the execution of a sentence of imprisonment proves himself to have reformed may, after having served ten years of his sentence in case of imprisonment for life, or after having served half of his sentence in case of imprisonment for a definite period, be granted conditional release upon application of the prison authorities to the highest judicial administrative office; PROVIDED, that in no case shall conditional release be granted to any person sentenced to imprisonment for a definite period who has not served one year of his sentence."

If the prisoner has fulfilled all the requirements and applies for conditional release, is he entitled to be released after a reasonable time, or is it arbitrarily up to the officials in charge?

Under the present conditions, if there is no reasonable limit to the time, the officials in charge just forget about the application, and the only way they can be successfully reminded is when a gift is presented. Otherwise the application is delayed for one reason or another for several months or forgotten completely and never forwarded to the highest judicial office in Nanking for approval.

According to the newspapers, so far every executive of the Government has pledged himself to fight corruption and establish an honest government. This would be one of the needed reforms, especially for the Ministry of Justice.

PERPLEXED.

Shanghai
June 14, 1948

Letter To Americans

To The Editor:

This is an open letter to all Americans. I will be obliged if you will publish it in the *Review*.

Dear American Friends:

I hope this letter will bridge the sincere friendship between you Americans and us Chinese. We both belong to democratic countries, we both love peace, independence and individual liberty. Although there is a great distance between us, yet we are not so far apart in our ideas and customs. Somehow, we people are much like you Americans. We both are humorous, practical and helpful.

We resisted the Japanese shoulder to shoulder. So we should understand each other all the more. In our country, the Government is now facing many problems, political, economic and social. You may wonder why there are so many problems in China, and you will feel sorry, I am sure, for the Chinese civil war.

The Chinese Government today is a new one which is getting stronger and stronger day by day. As you know, it is not easy to establish a new government in any country. However, the civil war is, no doubt, caused by the Chinese Communists who are trying to upset the Chinese republican system of government in order to build up an international nation of communism. What a dangerous thing it is. It is going to threaten not only the Chinese, but also the world. Therefore, the Chinese people, who love freedom and liberty, can't but resist communism.

Today, President Chiang holds firmly the leadership of the several groups of parties in power. They are united under him in their determination to have a democratic nation and to defeat the Communist army. The Chinese are not people who are fond of fighting and killing, yet they can't help doing it.

HORACE HUNGTU LIU.

Chengtu, Szechuen
June 13, 1948.

Tokyo Letter

To The Editor:

I am a reader of your magazine which I always read in the American Library in Tokyo. I take a keen interest in the political and social movement in China and whenever I read the *Review* I am made aware of the present difficulties in China from which I was repatriated three years ago.

I was graduated from Tung Wen University in Shanghai in 1943 and from that time on I was in the Japanese Army until I was demobilized in 1946 at Hangchow. While being in China for seven years I gradually came to be enchanted with the Chinese way of life and I intend to spend the rest of my life there after the signing of the peace treaty. I am now 27 years old and am working as a merchant while trying to avoid the inflation which is now going on in Japan. However, my aim is to go into the publishing business and I intend to write and translate some books on the economic problems of China and Japan.

Among the pages of your magazine, I find the correspondence columns most interesting. They vividly express Chinese opinion toward national problems and through them I am able to understand the problems of all classes of people. Moreover, the editorials and articles on Japan have caused me to reconsider the past and future of both nations. The cold war now prevailing throughout the world is a serious matter to the people of the Far East and we must make every effort to prevent another World War. In the East, I believe, the mutual cooperation and understanding of both countries would be most important in the stabilization of this area.

I would like to correspond with any person who is interested in discussing the present problems, regardless of age,

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781 Kamirenjaku
Mitaka-machi, Kitatama-gun
Tokyo-to, Japan
May 15, 1948.

Military Articles

To The Editor:

Millions of people are watching with grave concern the development and outcome of the Civil War which will obviously have a tremendous effect on the future of China. As a publication devoted to comments on important current events, the *Review*, might once a month publish special articles analyzing the military situation. Since February there have appeared only a couple of such articles, "When Will the Reds Cross the Yangtze" and "Military Roundup."

While it is true that the "News of the Week" page occasionally touches upon the subject in question, the space used by no means does justice to a subject of such vast importance.

Mr. Frederick Lee's article "Military Roundup" is really a wonderful one. It considerably enlightens the readers who are constantly laboring under the twisted, perverted and false news reports of the press. It is eagerly hoped that competent writers like Mr. Lee will be requested to produce more articles of the kind mentioned above. Such articles will, I feel assured, prove a boon to those of us who are groping in the dark for true information about the present war situation in China.

JOHN HSU.

Sinhui, Kwangtung
June 12, 1948.

Red Plots

To The Editor:

The confusion as to whether the student anti-American aiding Japan feelings are the machinations of the Reds continues to become deeper. Press reports insist that it is all a dire Communist plot and the local American newspaper waxes furiously at the rather staid *Ta Kung Pao* if it should issue a few cautious lines that perhaps the United States policy with regard to Japan is not 1,000 percent correct.

Meanwhile, one of the chief Australian delegates to the Allied Council in Japan has come out with the statement that MacArthur's policy is not the blessing to mankind that some people seem to feel it is. Of course, the fellow is obviously a Red.

Dr. Sun Fo, whom even the *Shanghai Evening Post* would scarcely pin a red-herring on, has said that the students are not entirely incorrect in protesting actions in Japan. I wonder if he merely said this because of his letdown by the Americans in the Vice-Presidential election. Or has the *Post* a more politic explanation?

Meanwhile, the great flurry and commotion which the Vice-Presidential bout caused in many quarters seems to have quieted down. The promised reforms of the new government are still in the formative stage and the mere mention of a "soak-the-rich" tax sends the local editorialists (Chinese, American and British) churning the ink in an effort to prove what a catastrophe it would be for the nation if some of the more than well-heeled were to drop a few tons of CNC into the coffers.

Impractical as the "soak-the-rich" scheme may be in its present form, it is truly significant to see the fear the topic itself instills in the hearts and words of Shanghai's purveyors of information. As yet no charges against the Reds being in back of it have been made but there is still time.

AUGUSTUS.

Shanghai
June 18, 1948.

Mr. Gould's Editorial

To The Editor:

I have just finished Mr. Randall Gould's editorial attacking a letter to the editor published in the *Review*. I didn't read the letter in question, but from the parts quoted by Mr. Gould, I could say that I wouldn't care for it. It is like many other letters published in the *Review* and like many statements I hear made by youthful Chinese, especially.

However, I think that Mr. Gould's manner of attacking the writer, Mr. T. C. Chao, was most foolish. It was the squawk of an injured imperialist who has been hit in a chink in his armor. Mr. Gould's assumption, which he has made in the past, that China and the Chinese should be ever grateful to America for winning the Pacific War tends to make most Chinese furious and rightly so.

I happen to be extremely fortunate in being an educated Chinese who spent many years in Free China during the war and I therefore can appreciate very much the fact that without American help China would have had a much longer struggle. We probably would have been still fighting today if the Japs had not foolishly attacked the United States. However, Mr. Gould is wrong and insulting when he assumes that China had no part in defeating the Japanese.

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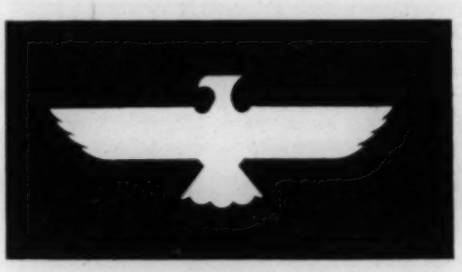

TRANS-PACIFIC Service:

Arriving from S.F.		*Sailing for S.F.*	*Via*	
June 29	ss. General Meigs	June 30	Hongkong	& Manila
July 19	ss. Pres. Wilson	July 20	Yokohama	
Aug. 2	ss. General Gordon	Aug. 3	Yokohama	& Honolulu
Aug. 3	ss. Pres. Cleveland	Aug. 4	Hongkong	& Manila
Aug. 17	ss. General Meigs	Aug. 18	Hongkong	& Manila
Sept. 6	ss. Pres. Wilson	Sept. 7	Yokohama	& Honolulu
Sept. 20	ss. General Gordon	Sept. 21	Yokohama	& Honolulu
Sept. 28	ss. Pres. Cleveland	Sept. 29	Hongkong	& Manila

ROUND-WORLD Service: To New York

Arriving from S.F.		*Sailing Via Suez*
June 26	ss. Mount Rogers	June 28
July 9	ss. Marine Leopard	July 11
July 18	ss. Pres. Buchanan	July 20

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One other thing Mr. Gould should remember is that even if China did not possess warships, planes, atomic bombs, etc. she still lost more men killed in fighting the Japanese than did America. America did not come to China's rescue entirely through altruistic aims, although her motives were among the best of any nation during the past war. America fought because she was attacked. Before that she was quite friendly with Japan, as well as China.

Many Chinese journeyed to the interior after the Japanese aggression began and lived very poor lives for many years while Americans in America scarcely knew that there was a war going on. Many Chinese came back to the cities after the Japanese defeat and have lived very bad lives ever since. I know because I am one of them.

It is highly unfitting, then, for Mr. Gould, who is obviously a prosperous and successful American, to scream with rage because some simple Chinese, possibly a misguided student or teacher who is confused by poor economic conditions and communist propaganda, is not "intelligent" enough to know that all he has is due to Americans like Mr. Gould.

I have felt like writing to you before after reading some of Mr. Gould's editorials because he often is too sarcastic and is guilty of bad manners. Frequently, he appears anti-Communist, anti-Kuomintang and anti-Chinese all on the same day. Mr. Gould should study more about China and the Chinese people. He many times is wrongly informed. I think you will like to publish this letter even though you, too, are an American because this editorial is about your magazine and also because you will publish almost anything.

A SMALL CHINESE OFFICIAL.

Shanghai
June 21, 1948.

Far Away

To The Editor:

I receive your *Review* here in about a month's time, more or less, and each issue is certainly welcome. It gives me just about as much contact with China as I want these days. Although I lived in various parts of China for nearly 20 years and, during that time, became fond of many things, I am at present extremely glad to be as far away as I am.

My only criticism of the *Review* is that you are entirely too easy on the bureaucrats who are now infesting China's capital. I have witnessed many governments arrive and depart during my stay in China, but I do think the present one is the worst and possibly the one the people will be most happy to be rid of when it eventually topples. The Chinese have patience; they certainly need it!

Perhaps one of the reasons why the present government is so bad is because of the cessation of "extrality" by the foreign powers during the war. Certainly, life for the foreigner was much better when he had a little protection for his life and property, while the example of the good government of the foreign concessions was a continuous humiliation and goad to the Chinese officials. Now, there is nothing to shame them by comparison, except, perhaps, Hongkong.

Before I left China (nearly two years ago) many of my acquaintances said I had ceased to be an "Old China Hand" and had turned into a "Die Hard" becaues I was becoming so "anti-Chinese." Perhaps I am a Die Hard, but I am far from being Anti-Chinese. I enjoyed living in China and liked many of the people. However, I do think they have some serious shortcomings. One of these is a demonstrated inability to govern themselves successfully. The Manchus managed to govern the country for more than two centuries quite well, except for the last 50 years or so. Before that various other "foreigners" such as the Mongols ran the country. True, the Chinese managed to "absorb" their successive conquerors, but almost each conqueror was reconquered by a new invader at about the time he had acquired all the habits of Chinese bureaucracy.

The individual Chinese, especially the farmers and small townspeople are the salt of the earth, but the officials never have been any good. If China were to be given the proper direction, she could perform miracles, but it seems hopeless unless some pressure is exerted from outside. Today the Russians are running the Chinese Communists and, from all accounts, the firm Russian hand is showing results. The United States is trying to run the Central Government and appears to be making a mess of it.

There is always a bright side to everything and in China all one has to do to see it is to remember that the country has been in existence longer as a well-defined racial and geographic entity than any other nation today. Four thousand years, some say, and it is likely that any people vigorous enough to survive that long, especially under the conditions which the Chinese generally have to put up with, is likely to be around for some time yet.

DIE HARD.

Havana, Cuba
May 15, 1948

TO HONG KONG

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A Weekly Newspaper Established in 1917

The editorial pages present each week the opinions of the editor. The other pages of The China Weekly Review are written by the other members of the staff and the contributing editors who report and interpret the news irrespective of the views expressed in the editorials.

Vol. 110 Shanghai, Saturday, June 26, 1948 No. 4

Child Tin Miners

THE *North China Daily News*, a generally conservative local paper owned by British interests, has published a "letter" from Yunnan Province describing almost unbelievable conditions in the mountainous tin mines. Strange to say, publication of this letter has evoked little comment in either Chinese or foreign circles. We can scarcely see why, and suppose it must be due to the fact that not too many people read the article, since we doubt that Shanghailanders have become so hardened to adversity that they would be unimpressed.

We frequently publish articles from Yunnan describing conditions in various parts of the province which readers in these more "civilized" areas along the coast sometimes find hard to accept. However, we have personally spent considerable time in Yunnan and can vouch for the primitiveness of the government and a large section of the population. Despite official denials, the province is disease ridden from one end to the other and opium, while not as common as tobacco, is certainly smoked in virtually every village we have visited.

Yunnan, a high, rocky area lying along China's border is one of the most beautiful spots in this country with a fine, sunny climate. However, it is inhabited by a very backward population, still largely tribal, and is governed in a most atrocious manner by a bunch of half-civilized thugs who more properly belong in prisons than in yamens. The corruption is almost unbelievable to an outsider, but is considered quite normal by the residents. People living in Kunming accept without surprise stories of misuse of public office so flagrant that they would not be approved by the worst elements in a city like Shanghai.

It is almost necessary for one to set up a double standard, one for judging China Proper and one for the outlying areas, because natives, both governing and governed, operate upon an entirely different social basis in places like Yunnan. While foreigners feel life in a city like Shanghai to be considered cheap, it is doubly cheap in Yunnan, where official punishments are severe and where private acts of violence are considered normal. Banditry, opium smuggling, rebellion, tribal feuding and other activities usually not found in a civilized state are apparently continuous affairs in many districts of the province.

The story of the tin mines, as carried by the *North China*, is typical of many tales we have heard. There seems to be no doubt about its authenticity, since it was written by a foreign relief worker who visited the mines. The author has done such a fine job of descriptive reporting that it would be difficult to improve upon it.

The writer describes his visit to the first mine: "(It) had an entry three feet square. The shaft went down at an angle of about 60 degrees, getting narrower as it descended. As we were peering in, surrounded by the guards, we heard stentorous breathing way down the shaft and soon saw the glimmer of a carbide lamp. Soon, pausing often to lean gasping against the walls of the shaft, a scarecrow of a lad appeared....He was naked except for a few rags which were red with rust—for there is much low-grade iron in these parts—and he was soaking wet, partly with sweat, partly with the water that runs in all these mines.

"Over his bony shoulder he carried two bags of ore.....He emerged from the opening and without straightening up from his crouched position went about 10 yards away and sank down on the ground, gasping pitifully. He had a ghastly pallor under the smeared rust on his cheekbones and his pale brown pupil-less eyes were those of a heavy opium smoker. He said he was 19 years old and didn't know how long he had been in the mines. He made three trips to the face every shift and a shift lasted 'all day.'

"In a few seconds he got up and moved away—still without straightening up. It was with a nasty shock that I realized that he couldn't. He was permanently bent in the posture in which he crawls through the underground tunnels.....All the lads in this mine appeared to be in their late teens, and all were obvious opium smokers.

"We looked into the stone buildings which is home for these lads. It was.....completely bare except for a few rags scattered on the earth floor. On these rags two boys were lying, ill. Both had horrible ulcers on their legs which they said had started from cuts long ago. The boys are always ill, always take a long time to get well—if they do get well—because of malnutrition, overwork and the opium....We could not fail to note the heavy bars on the window and heavy padlocks on the doors. The boys are imprisoned at night—at some mines they are said still to be chained, though we did not see any evidence of this."

This mine was not considered "typical" so the writer went on to another mine, the largest in the area. "I had already noticed a huge slag heap spilling over a small pass between two mountains, a great heap of grey shale over and round which long lines of little boys were crawling and climbing, looking like red ants in their scanty, rusty rags.

"When I got up to this slag heap, I was

horrified to find that the majority of these boys were just tiny kids. The oldest appeared to be about 12 or 13. It was terrible to see them edging their way along dangerous, insecure paths to where they could dump their ore; it was worse still to hear them, their gasping, wheezing breath.

"The harm done to these small boys by heavy work, bad air and poor food is immense and usually in a few short years fatal. But boys this size have to be used, say the owners, because only they are small enough to get through the underground passages.

".....the boy I remember best was one who later told us he was 10 years old.....You could hear him breathing heavily when he first emerged from the shaft 40 feet below....By bad luck one of the guards dislodged a lump of limestone weighing three or four pounds. The stone went straight for the boy as if it was aimed in spite and struck him on one dirty bare ankle. The boy gave a cry of pain and bent and clutched his ankle. The stone went bounding on and disappeared into the mine. The small boy looked up and cursed the soldier. Blood began to ooze between his fingers and the pain got worse. It was more than he could bear....As he began to toil upwards, the tears were streaming down his face. He reached the crest and squatted down, crying to himself with no hope of comfort. He wiped the back of his hand across his face, leaving a smear of rust. It looked like blood. He was so small and completely lonely that the tears came to my own eyes, and come to them again as I write this, and I'm no crybaby."

The writer then went on to say that these conditions had been reported to the Generalissimo "some time ago and as a result the Generalissimo sent down a directive that social welfare and hospital work was to be started on behalf of the boys and a tax levied on the mine-owners to pay for this. The CCC was asked to go in and start work but of course they refused to do so under these conditions which would have made their position untenable. Murder is an everyday occurrence up there and anyone who goes in to help the boys must go in independently and not try and compel the owners, or the boys, to do anything.

"As a matter of fact, probably as a result of the Generalissimo's directive, the WSS are established at the only temple up there. This temple is called the Rat Temple, and it commemorates some rats who, according to legend, fed a boy who got stuck in the mines and kept him alive. (Most are just left to die unless they happen to be blocking an important passage). We visited this temple and met a chap who was introduced as doctor, but said he wasn't, and he didn't look like one either. He said there were two male nurses, but they were away. I don't think anything was being done there.....

"The CCC is now in touch with an American doctor who has done social welfare work in a mining area for many years. But there is little hope that he will go to this place. The difficulties and dangers of work in the area are enormous. The mine owners don't want you; they know they are in the wrong; some of them have to take a bodyguard of 20 armed men on the rare occasions when they visit their own mines.

"The boys won't want you at first; they are suspicious and superstitious, they don't trust anybody, they have been ill-treated all their lives, and they won't understand a relief worker's motives. In any case they wouldn't be allowed to visit him, for they work all day, and are locked up in stone forts at nightfall. They have their own comforts—opium and homosexuality. They are worse than any problem children; fights to the death are common; these often occur underground.

"Recently the boys in one mine heard the sounds of a tunnel being dug towards theirs and waited with guns for the boys of the other mine to break into their shaft. (This often happens as the passages twist and undulate all over the place). Several boys were killed on this occasion before it was realized that the intruders belonged to the same mine and had happened to work back to the same vein.....

"The Government mine shows that tin mines can be mechanized and run without boy labor. But the present private mines cannot be mechanized, owing to the extreme smallness of the galleries.

"Maybe nationalization of the mines might help, but I can't see that happening. The mine-owners—those rich, cultivated, charming men who invited us to Shih-p'ing to save their home town from being decimated by malaria—are rich and powerful, and more than most Chinese they seem to band together for their common good. I do not know what we could do, but nobody can see those boys in the mines and not try to do something for them....."

* * *

THERE is really little comment that one could add to this story. The situation described is bad enough, but it also is a first rate exposure of some of the failings of the present governmental system in this country. Somebody told the Generalissimo about this "some time ago" and he ordered improvements to be made. However, even the Generalissimo's orders are softened by their passage through the various yamens between him and the teen age tin miners of Yunnan. This is a chronic fault of Chinese government which has existed for centuries.

Blessing Of Colonialism

FROM time to time we have arguments with various members of the local French and Netherlands communities because we just can't seem to understand the blessings of colonialism; we fail to realize that the French are bringing civilization to Indo-China and that the Dutch are actually engaged in a philanthropic undertaking in Indonesia. The natives are apparently just as stupid as we, because they don't seem to care for these kind-hearted men from Europe. However, the French and the Dutch are persistent and seem to take the attitude that the poor, unenlightened natives must be exposed to foreign

example, foreign government and a variety of other foreign things, even if such blessings have to be rammed down their throats with an American Lend-Lease bayonet.

In recent months some of the local Frenchmen and Netherlanders have given up trying to explain our errors to us and have resorted to more positive measures, such as cutting off advertising support, writing sarcastic letters to the editor, cancelling subscriptions, etc. All of this really doesn't bother us too much, although we obviously dislike losing advertisers or readers. It does upset us a bit, though, to see how bitter the French and Dutch have become. In fact we understand on good authority that the French authorities in Indo-China have a black list of writers and publications on which we figure prominently. The authorities there, it is reported, "explain" our critical attitude toward themselves by saying that we are communists. The logic is simple. The Vietnam is against the French and there are said to be considerable communist elements within the Vietnam. The *Review* occasionally criticizes the French and therefore must be presumed also to be "against" the French. If the *Review* is against the French, then it, too, must be communist.

At the risk of giving local French critics and French authorities another line for the black book and at the risk of again associating ourselves with the Reds, we have another small difference to pick with the kind-hearted colonial administrators of Indo-China.

According to an *Associated Press* dispatch from Saigon last week the Indo-China Government fixed the official price of opium on June 13 at between 14,000 and 20,000 piastres per kilogram. This, according to *AP*, is roughly between US$550 and 750 per pound. The story went on to say: "High Commissioner Emile Bollaert signed the decree. The Government sells opium under regulations. The revenues pay part of local government expenses."

This, we presume, is another example of how the French have brought culture and enlightenment to Indo-China.

* * *

OUR latest communication from the Dutch, who, as far as we know, do not have an opium monopoly in Indonesia today, is from a local Netherlands firm which, in answer to a form letter of ours inquiring as to why they had dropped one of their two subscriptions, replied in part, "....we find the *Review* editorially not to our liking, and for the following reasons:

"In the first place your periodical is called the *China Weekly Review* and therefore in our opinion it should mainly restrict itself to conditions in *China* concerning which you may or may not be well informed. However, of late you have frequently struck out into wider fields where you definitely were not well informed.

"In the second place, we only appreciate an unbiased discussion or at least a discussion where both points of view are duly brought forward. We find that you do not meet this requirement, and in our opinion very often represent an extremely one-sided and definitely tendentious view on certain things.

"We have retained one of our subscriptions purely to keep our files complete, but no longer seriously consider the *Weekly Review* a source of information."

It's too bad this Dutch firm, which retains one copy for its files although it does not consider the *Review* a source of information, did not cancel their other subscription so that they would be spared the burden of reading this editorial.

* * *

THE whole colonial problem in Asia seems quite simple to us. The French and the Dutch ought to go home. They arrived uninvited and they are still unwelcome. They have investments which they say they must protect. They should try to get a settlement from the local peoples for them; failing this they should write them off as a risk which didn't pan out.

Both the French and the Dutch are second-rate colonial powers who are keeping a last grip in Asia mainly through the courtesy of the British and the Americans. It is high time for the United States to realize that unless she is prepared to underwrite these two countries, both in Europe and Asia almost indefinitely, they will eventually be thrown out by their subject peoples. When that day comes, America will not be any better liked by the Indo-Chinese and Indonesians because she has helped the old masters retain their hold a little longer.

From the moral point of view, there is no justification for colonialism. Even if one accepts the reasoning of the 19th Century to the effect that if one is strong enough to take over another country one is justified in doing it, there is no justification for the French and Dutch to remain in Asia other than as trading countries. The Japs proved that their rotten empires could be taken away quite easily, while the Germans showed how hollow the home structures were.

From the point of view of crass self interest, the United States is making a great mistake in supporting these two colonial powers. With these characters out of the way, the US businessman, who has few equals these days, could do a land office trading business in both countries.

We think that the United States should stop giving physical aid or moral encouragement to the French and Dutch. The sooner their colonial empires in Asia fall apart the better.

Short Memories

IN recent months we have noticed increasing opposition from many quarters to those who would criticize Japan, or America's plans for Japan. This opposition has grown during the past few weeks until everybody's emotions have been stirred up to a point where both the critics and the proponents are somewhat irrational.

However, it is not our intention in this editorial to discuss the anti-American Japan policy movement by the students. We have already dwelt upon the subject at some length. We do, however, wish to make our position clear regarding Japan.

We feel that perhaps we are in about as

good a position as anybody else to judge the Japs. This paper began warning its readers of the dangers of Japan a great many years ago. Under the long editorship of Mr. J. B. Powell it continued that policy until December 8, 1941, when the Japs marched in and stopped publication, looted the offices and imprisoned the editor.

It is not that we are particularly bitter or desirous of revenge that we continue to sound warnings about Japan. It is that, from our close contact with the Japanese both before and during the war, we are convinced that they are still dangerous. The individual Japanese, given the right set of circumstances, could easily develop into a responsible and desirable citizen. However, he has not as yet had that opportunity. It will take more than three years of American occupation to root out the undesirable aspects of Japanese political, economic and military thinking.

People, especially Americans, seem to be afflicted with extremely short memories. A few years ago we were going to kill all the Japs we could find because they were so "deceitful" as to attack us without warning at the very instant they were negotiating with us in a supposedly friendly manner.

Only last week a small reminder of the "old" Japan appeared in a brief press agency story from Yokohama which told of a war crimes defendant describing to the court a meal at which the liver of an American pilot was served, "sliced thin and boiled in soy sauce."

Those who maintain that a people mentally conditioned to perpetrate such an act in 1945 are now, in the year 1948, ready to be considered fit members of society either are not very bright or are being terribly dishonest in an attempt to gain their own very narrow ends.

A large number of those who wish to forget the past and speedily build up Japan fall into both categories. However, there are other, usually reasonable, men who view with some alarm our policy in Japan but support it because they are afraid of Russia and communism. They rationalize America's rehabilitation of the late enemy by saying that the Japs are the lesser of two evils. While we do not wish to see the spread of Communism, with its totalitarian concepts, we also do not want to see the restoration of a nation which, in our view, is still composed of a barbarous people steeped in medievalism.

Inland Shipping

A GREAT deal of criticism has been raised by the Central Government's decision to reopen inland shipping to American ships bringing relief supplies to China. While it is not exactly clear as to just what the Ministry of Communication's Navigation Section intends to do in clarifying several obscure points, such as exactly which inland ports are to be opened, whether or not the American ships can take aboard export cargo or internal cargo at these inland ports, etc., a great storm has blown up as a result of the first bare announcement.

While we can certainly sympathize with the Chinese shipping companies, which are having a hard enough time without any foreign competition, it nevertheless remains that their position is not entirely logical or just. The right of cabotage has in the past often been reserved by foreign countries as a means of building up their merchant marines. If we are not mistaken, Great Britain, for a time, exercised this right and it contributed greatly to the development of British merchant sea power. Usually, after a nation's own shipping industry has become sufficiently developed, the right is not strictly adhered to because of the overall interest of the country in obtaining as efficient communications as possible. For example, it is sheer waste to bring imported goods to China in foreign ships and unload them in Shanghai for transhipment in Chinese vessels to other China ports.

The same holds true for China's exports. Presumably, if China's merchant marine were ever developed to a logical point, Chinese ships would gain a compensatory trade by carrying the bulk of China's exports to foreign countries. However, today China's shipping is not adequate to handle the inland and coastal traffic. The result is that goods and passengers, destined for abroad as well as for China, pile up at various inland and coastal shipping ports for months on end. In addition, a great deal of unnecessary expense is added to all shipping operations by the duplicate loading and unloading which the present system entails.

* * * *

IN our view a compromise must be reached. It certainly would be unfair to Chinese shipping, especially to the many small firms which are struggling to stay alive, to open China's waterways to foreign shipping on a prewar basis. However, the present strict regulations do not seem to be helping Chinese shipping greatly because of the squeeze, corruption, inefficiency and general chaos in the shipping situation. Even with foreign ships banned, Chinese companies cannot operate successfully, largely due to restrictive regulations.

What is needed first is a helping hand from the Chinese Government. Small firms must be added in securing foreign exchange for ships and training programs. Perhaps the small firms should be persuaded to concentrate upon coastal and inland trade until they become more experienced and sound financially. Larger ones, like the China Merchants Steam Navigation Company and the Min Sung Company, which are already well established in the local trade, should be aided in acquiring larger ships for Pacific sailings to the South Seas and to Europe and America. If they had the ships and trained personnel, they easily could carry a large part of China's export cargo abroad and foreign imports back on the return trip.

Meanwhile, foreign ships should be permitted to call at several inland ports to discharge cargo destined for areas served by these ports. They should further be permitted to load export cargo at these inland cities for shipment abroad.

Such a system would reduce shipping time and charges and work for the best interests of the majority which, after all, is what any communi-

cations medium should be required to do. The interests of China's fledgling merchant marine must be protected so that it can grow to a size compatible with the country's position in world affairs, but in so fostering such growth the Government must not impose undue hardship upon the Chinese consumer.

Responsibility

ONE of the more disturbing tendencies in modern China is the seeming "need" to place responsibility upon some individual or small group for things which go wrong. While we certainly are not qualified experts upon Chinese history, we presume that this present fixing of responsibility has some connection with the old Chinese social system in which the father is responsible for his sons, the pao chia for the families in his district, and so on up to the Emperor who is responsible for his people.

Such a system may have had something to recommend it in the days of a feudal empire, but it seems to us to be somewhat out of place in the modern society which China is avowedly trying to build. If there is definite and specific dereliction of duty causing a breakdown of government functions which can be clearly traced to an individual or group, then of course punishment is in order. However, when failure is a result of overall policy or of conditions beyond any individual's control, it is silly to insist upon a scapegoat.

A recent example of unfair punishment, in our view, is the case of dismissing Hsia Sung-chiao, fire brigade officer in charge of hazardous goods, for negligence in connection with the Chung Fa Godown fire and explosion which burned out almost an entire city block. Several other police and fire officers were reprimanded and given demerits.

It is certainly true that the police and fire departments have not been enforcing the building and storage codes, but it seems to us to be beyond their power to do so under present conditions in Shanghai. The Civil War and resultant communications, currency and trade difficulties have created an abnormal situation in this major port city. Goods intended for reshipment to the interior often lie here for months. The rapid depreciation of currency forces people to put their money in commodities as fast as possible. Instead of bank deposits and security holdings, residents with capital store it in the form of merchandise stacked in godowns, offices and homes. Trade uncertainties force Shanghailanders to keep enough goods on hand for emergencies.

Inducements to construction of proper godowns in areas removed from the downtown section are needed. A City Government policy of enforcing building and storage laws irrespective of the powerful toes stepped on must come from the mayor's office. If these two things are not done, future accidents may be expected. It is not sufficient to have laws and regulations on the books which, if enforced *would* make Shanghai a model city. It must be City Government policy to enforce such laws constantly and, if that is not possible, take such remedial steps, such as the construction of sufficient godown space, so that enforcement may become possible. Searching about for a scapegoat—usually a relatively minor official—after each disaster or failure does not cure the illness.

25 Years Ago In *The Weekly Review*

Over-Progressive Students

June 23, 1923

Ever since the Student Movement, there has been developing a spirit of over-progressiveness and self-importance on every hand amongst the students. In almost any and every school nowadays you may hear this voice of "liberty, equality and fraternity" and of "democracy" ringing boisterously and mobbishly in your ears and see actions resulting from the complete misinterpretation of the word "liberty" on the part of the over-progressive and haughty students. Whenever a president has expelled a few unruly students with a view to promoting the spirit of discipline, the whole student force of the school rises up to declare, as it were, its great war against him. Whenever any professor is too strict in the awarding of credits for ordinary tests and examinations, they never spare their efforts to oust him, so to speak, as "an autocratic pedagogue" or "an anti-democrat."

* * *

Two Views

China and Japan are evidently looking at quite different sets of facts, each jealous for its own interests and honor and thinking little of the needs and honor, the hopes and fears of the other. Important Chinese leaders have assured the writer that the Chinese people wish to have friendship with Japan but that it is impossible on a basis of humiliation and dishonor and violation of China's sovereignty. Many Japanese, likewise, have assured him that the Japanese desire friendship with China, but that for this a stable, reliable and efficient Chinese government with which they can deal, and on which they can rely, is essential.

10 Years Ago In *The China Weekly Review*

Only A Memory

June 25, 1938

In what is believed to be the first organized Russian emigre appeal to the Supreme Council of the USSR, more than 400 members of the Shanghai Union for Repatriation to the USSR have sent a petition to Moscow to grant them the right to return to their Fatherland.....The members request of the Soviet Government to grant them a tract of land, to which every Russian emigre, who so desires may return freely, and on which each one of them may contribute his knowledge and follow his profession towards the advancement of his Fatherland.

* * *

Acts of Friendship

Seven thousand New Yorkers attended "bowl of rice" parties on June 17 to raise money for civilian relief in China, while another estimated million were believed to have participated in similar programs in all parts of the country, bringing receipts to a predicted US$10,000,000. The Red Cross drive in America which had been announced a failure by the *United Press* because Americans subscribed to US$750,000, instead of the US$1,000,000 which was the goal, cannot, after sober reflection, be deemed a failure. At the present rate of exchange in Shanghai, US$750,000 will care for considerable refugees.

"LIBERAL PROFESSORS" AND AMERICA

(This article was written by a foreign professor who prefers to remain anonymous—Editor)

RECENT agitation about the present American policy in Japan, has given a good opportunity to us to consider closely the background of some of the "liberal professors" who took an active part in the movement. Many of the professors not only prepared speeches or contributed to the well-known "wall-boards," but signed their names to handbills and statements which can be carefully analysed.

One gets the feeling that America is always interpreted in terms of a dogmatic pattern. That pattern is familiar and it contains some truth. America is the stronghold of reaction, America is the personification of reaction, and because this is so, America is unjust, unfair, cruel, and bad. It seems to me that an intelligent American must be the first to admit that there is truth in these charges. Since the end of the war, American politics, domestic and international, have displayed many reactionary attitudes. The American people have placed their nation in a serious situation by not being able to distinguish between capitalism and political democracy where the two conflict. American foreign policy has often been based on an overt opportunism that is trying to prepare itself for a possible conflict with Russia. These charges cannot be dismissed casually, they contain far too much insight and truth.

The Whole Truth

But the use that is made of this insight is far from the service of truth. Shipments of American wheat to China may serve as a good example. Our "liberal professors" denounce this as unworthy of any friendship or gratitude, because *the reason* why America sends that wheat is that she overproduces, and her leaders know that if she cannot export it, there will be a depression in the wheat market at home. It is an unvarnished fact, for all who are interested enough to consider it, that wheat producers do want to ship wheat overseas. But America is not made up of just wheat-producers, and all America bought that wheat before it was sent. Some of the people who consented to the use of their tax-money to do this did so because they did not care to see other countries starve, and some people consented to it as an act of international friendship. The "liberal professor" seizes on the partial truth that supports his thesis, and by proclaiming this as the whole truth speaks falsehood.

The mark of good universities, good scientists, and good teachers is an interest in the pursuit of truth for its own sake. They attempt to gather all the facts and present a careful and complete picture. Unfortunately, many universities are now primarily political arenas. Teachers are interested in truth, like lawyers, only as it conforms to their theses, or helps "prove" their case. In the case of America, the accepted thesis is that America is the epitome of reactionary capitalism. Anything which does not support this thesis is quietly ignored.

The use made of evidence in the proof of a thesis is also very casual and distressing. The favorite kind of evidence deals with motivation: America did this because. . . Anyone who understands very much about the conflicting centers of power and the complex nature of a modern state, and most especially a political democracy like America, understands very well that it is a very complex thing to decide why a certain law was passed, or a certain policy supported. Even with Russia, where power is concentrated in a more easily observable minority, acting more or less in accordance with Marxist dogma, it is very difficult for us to say exactly why Russia did such and so. And yet Chinese university atmosphere bristles with bright clichés and fearless exposés of why America did such and so. One also notices a great variety of ominous warnings that "America is going to do this and that." In most cases, that kind of prophecy is rather difficult, and it certainly is no basis for protesting present American policy. But the academic irresponsibility with which these techniques are used is alarming.

Irresponsible Statements

One of the statements, which bears the signature of such responsible men as Fei Hsiao Tung and Hsiao Chien, contains this startling statement: "Moreover, a regiment of Kamikaze flying officers has been transported to America for training." Surely this serious a charge demands amplification and a word about the sources. For Americans, at home as well as in China, are ignorant of this amazing development. The paper continues to deal cavalierly with the problem of motivation in American policy in Japan. America has instituted a Coast Guard in Japan, not to prevent smuggling, but as a basis to revive the Japanese navy. America is building airfields in Japan, not for peacetime use or as American bases, but as a foundation for Japanese imperialism. America is not interested in Japanese manufacturing because Japan must manufacture and export or die, but because American businessmen want to take advantage of cheap Japanese labor to enrich themselves.

When one tries to approach these people by admitting the basis of their theorizing, but protesting the partiality of the picture involved, one strikes a concrete wall. For one's own position as an American, or one's own despicability as a capitalist apologist means that they face no responsibility to deal carefully with questions or counter-arguments. Anyone who would challenge the dogmatic pattern in terms of which they understand America, China, and the rest of the world, is *ipso facto* rejected. They recognize no responsibility to a truth higher than or more comprehensive than their own dogmatisms. This insulation protects them completely from further serious thought, but it also makes it very difficult for an outsider to understand on what basis they consider themselves liberals. The popular definition of a liberal is one who is candid, open-minded, unprejudiced, and this group hardly qualify in any category.

Reject American Friendship

One thing even more difficult to understand is what one comes to feel is a keen interest in ruptured Chinese-American relations. Evidently they feel that the only way China can protect herself against America's overbearing power is to work for broken relations and at least a partial isolationism for China. Personally, I am very sympathetic to their desire to escape the unilateral aid America has proffered in the Civil War. I also feel that most American efforts to help those really suffering from the war have been sabotaged to such an extent that it is questionable if they are really worthwhile. I am also distressed at the great waste of American money in China, often to the detriment of both countries. And I do not question the right of any people to agitate for broken diplomatic relations and ruptured friendships when they are convinced that this is the best way to preserve their national welfare. I am surprised, however, that all the good intentions that have motivated the common people of America toward friendship with China should be so completely misunderstood or ignored. Friendship, that has taken years to build, can be destroyed in a day, but it cannot be rebuilt in a day. And all people in all countries must like peace and friendship better than bitterness and war.

I also think that a Chinese isolationism has some precedents that are worth serious consideration. Did Japan really profit by her isolation? Were the moves of the Chinese emperors to evade modernization by ignoring it or containing it really constructive foreign policies as far as the Chinese people were concerned? None the less the determination of China's foreign policy is a Chinese problem, and of no one else's concern. If China seeks an end to the "oppression" of American friendship she is, after all, only a small part of America's world concern, and, admittedly partly by American ignorance, a very troublesome part. Perhaps a rupture would also relieve America.

Point of Information: Would someone explain clearly to me just how the views of China's "liberal professors" differ from orthodox Communism?

The Gods Slip Up In Diplomacy

Jacques Decaux

Paris, May 16 (By airmail).

EXULTATION permeated the world last week with publication of the American-Soviet notes. There were a number of repercussions. First of all, the work of the Hague Conference for a United States of Europe was pushed far into the background. Solidarity and cooperation suddenly seemed useless when the great powers agreed. The fact that nothing can help Europe recover except coordinated European efforts was overlooked.

On the other hand, the notes made everyone aware of the small importance of the world at large compared to the whims and fancies of Washington and Moscow. Unfortunately, a real measure of agreement is highly improbable because, as one diplomatic observer here put it, the United States is a country of generous impulses which sometimes fall flat or are unjustified in diplomacy, whereas Soviet leaders regard international agreements as a survival of bourgeois morals and have an admitted disdain for them.

Another point made evident by the exchange of notes was the psychological reaction of the peoples of the world, who heaved a deep sigh at this first chance of grasping a possible settlement. No one wants war, but when the gods above disagree, the common men have to take sides and fight the battle.

It also became apparent, however, that if the gods agreed, they would come to terms on some sort of European division. This caused fear that such agreement might overlook particular interests. For it was felt that any division would be as fatal as the present disagreement, because no political situation remains at a standstill for very long. Nations are like living individuals, and if they expand come in outright collision with their weaker neighbors. No treaty has ever been more than the crystallization in words of an international situation already different one hour after the signatures had been affixed.

Diplomacy Dead

Most apparent of all was the fact that classical diplomacy is dead. The disappearance of diplomatic practices would not be deplored if international relations were based on standard moral practices among individuals. Since this is nowhere near being established, we must regret diplomacy's passing.

The proof was given at the time of publication of the notes. There was demagogic propaganda, fumbling in high quarters and all sorts of psychological mistakes. But the contents of the notes did not offer even the outline of a solution for major disagreements. Classical methods demand that, first of all, principles should be widely studied before individual questions are taken up. Declarations "in the air" are regarded as more nefarious than beneficial. During negotiations, the greatest secrecy must veil the talks because diplomacy is a delicate mechanism and too much open air may prevent it from working smoothly. The mechanism must not be seen by the public before all its parts are set in place and are ready to roll.

When these classical devices are discarded, there is nothing but propaganda and irresponsible prattle. And there was some definite prattle. Alistair Cooke in the *Manchester Guardian* took innocent delight in pointing it out. He remarked that the State Department assumed that the Bedell Smith note to Molotov was a formal and proper procedure. But, he continued, many observers at Lake Success wondered why, if the American note was "routine goodwill," the papers were not as a matter of routine published in Washington. "The moral to be drawn from the table talk at Lake Success," said Mr. Cooke, "is that the United States had better learn to distinguish between the courtesies of diplomatic language that entail nothing more than party manners and the courtesies that describe a change in policy . . . To open a door for a lady, the State Department has discovered, is not the same as unlocking it for her."

No One Wondered

Mr. Cooke went on to note the gasping of foreign correspondents when Mr. Marshall at his press conference said he was not enough of a diplomat to know the difference between a note and an aide-memoire. There was also gasping in Paris and London. The Foreign Office and Quai d'Orsay shook their heads. They felt irresponsible acts in Washington—acts designed for American home consumption—had injured their national positions. In fact, no one wondered at the Russian initiative. Realism dictated it after the Italian election, after some measure of agreement on broad policies at The Hague. The layout of 1948 Europe justified a re-estimation, and Russia had all the profits on her side.

Her profits were potentially large because she tried to legalize a situation in which she would be the main beneficiary. It is felt here that Stalin would be ready to drop the Communist guerillas of General Markos in Greece and also the Slovenians in Trieste if he could be sure that the Soviet position in Hungary and Rumania would become *de jure* under his control. These would be gains sufficient to justify a diplomatic move. Moreover, there was some hope that the US might agree to more trade with Russia.

But the main problems remain the same. Germany, Austria and Korea have to be settled. And the exchange of notes mentioned neither the possibility of a solution of these problems nor the means of doing so. If they were to be solved without the participation of France and Britain, even greater problems might be created.

But now the crisis is over, and after relaxation from tension we relax again in the midst of tension. Meanwhile, the trouble spots have shifted. Germany is forgotten for a worse problem—Palestine, where the issues are so intricate that no one knows what will come out of the battles in the Holy Land or the negotiations at Lake Success.

The exchange of notes demonstrated a few things about our modern world. First, the gods feel the rest of the world it not important enough to be taken care of if it conflicts with their own interests. Second, one of the gods does not know how to use his strength for a better world, or even for his own good. Third, the other god is shrewd enough to use anything the first does for propaganda purposes. And finally, the world's lao pai hsing is, in spite of widely proclaimed democratic purposes, a poor person whose weight is so slight that no one cares whether he starves or not.

"NO PLACE TO GO"

Alexander in The Philadelphia Evening Bulletin

This cartoon pictures the dilemma of the Southern Democrats who oppose Truman's Civil Rights Bill which would give the American Negro more protection. The Southern Democrats have announced that they will not support Truman but there is no one else for them to back. Wallace thinks Truman's Civil Rights Bill is too mild and would favor a stronger one, while the Republicans, partially to embarrass the Democrats, are supporting the measure.

HOW THE COMMUNISTS RAN HSUCHANG

Huang Shih-hwei

HSUCHANG, geographically the center of Honan, lies between Chengchow and Hankow on the Pinghan Railway Line. It is a celebrated market and exporting depot of tobacco and in its immediate vicinity are the tobacco producing districts of Hsiangcheng, Kiahsien, Wuyang, Yuhsien and Linying where the collection of the cigarette tax played so large a part in filling the National Treasury during the Sino-Japanese War.

This city was taken by the Communists last December 15 at 2:00 a.m. and was recovered by the Nationalists on February 20. By the beginning of April, the city once again fell into the hands of the Communists. So far, Hsuchang has been taken and lost several times and this fate seems to be in store for Hsuchang for months to come.

How did the Communists run Hsuchang? What political, economic and cultural measures did they take? How did they treat their captives? What do the people think about them? Some attempt to answer these all important questions can be made as the result of an eyewitness account given by a native of this city.

Local Gov't. Set Up

General Chen Yi's main forces, the third column of the "Eastern Field Troops of the Chinese People's Army of Liberation," poured through the West City Gate to take Hsuchang. Upon entering, they rounded up their remaining enemies and the munitions which had been cached by the fleeing Nationalists. One day later a local government was set up.

The Fifth Administration Area of the Yuwansu (Honan-Anhuei-Kiangsu) Border Area was established with Mr. Shih Yu-ming as the commissioner of the Administration and concurrently Garrison Headquarters commander. Mr. Pang Kan Ching, formerly a brigade commander of general Feng Yu Hsiang's Northwest Army, was vice-Commissioner.

Mr. Sun Chin Kang was the magistrate of the hsien government under which there was a municipal government and in which there were three bureaus: the Public Peace Bureau, the Education Bureau and the Finance and Food Bureaus. The whole hsien was divided into four districts: the northwestern district, the northeastern district, the southern district and the western district. There was an office in each district and a vice-chief was appointed by the Communists who began to perform his work earlier than the chief who was elected by the local population.

In regard to their economic policy, they confiscated the "bureaucratic" capital, the four National Banks, the Provincial Bank, the hsien bank, the Central Cooperation Treasury, the companies belonging to the four families, the tobacco company of Commissioner Wu (a Nationalist), the China Service (a book store) of the San Min Chu I Youth Corps, traitors' property and shops, the capital of the landlords and of the rotten "noble" gentry and the tobacco co. of Chou Chin Tang, a very famous opium-smoker and the Number One profiteer in the course of the Sino-Japanese War, who has been the richest man in Honan Province for 15 years. The storehouses were opened and food was distributed to the poor.

On the other hand, they protected manual industry—especially the small dealers and peddlers. The cigarette shops were benefitted because foreign brands could not get in. Native tobacco leaves were exported with great encouragement.

The Communists circulated their own banknotes which, with incredible speed, reached every corner they occupied. The reason for this was that anyone with this money could purchase food from the Communists. The bills were of four types: the Peihai (North Sea) Bank, the China Bank, the Hopei Bank and the Central Bank. The exchange rate was one dollar for every 25 Nationalist dollars.

There was a purchasing section to buy papers, clothes, towels, toothbrushes, toothpaste and other items for the army. Prices were fixed between the buyer and seller.

Teachers' Meeting

Culturally and educationally, even before the fighting was all over, the Communists held a meeting for the school teachers. At the meeting they introduced themselves to the teachers and stressed the fabrications which they claimed the KMT had spread about them. They sympathized with the teachers and gave each one some wheat. However, at the beginning some of the teachers were taken the KMT officials since they wore similar uniforms. Upon being definitely cleared, these teachers were compensated for any losses suffered. Those who wanted to leave were allowed to do so and the general impression was that both teachers and students were treated with respect.

Mr. Huang Yuan, the apostle of the late Chinese Gorky (Lu Sin), came to Hsuchang to give a series of lectures on the following subjects: 1. An analysis of the situation at home and abroad. 2. The educational policy of the Liberated Areas. 3. The attitude toward the intellectuals. 4. The three mow economy.

In addition to these lectures, the New China Book Store was established with many books and a public reading room. The Hsuchang *Brief News* and the *Pictorial Paper* were both published daily. In the army, there was an organization called "Wenyikungtsotuan" (literary work corps) to enlighten the masses and to enact plays such as "The White Haired Girl," "The Enemy of Blood and Tears" and "The Evening Music Party." No soldier was allowed to enter the theater which was attended only by civilians.

Three educational institutions were founded. They were the National Reconstruction Academy which contained a primary school department, a middle school department and a college department under the presidentship of Jen Chung-kao; the Honan Academy headed by Lin Yenling and a College of Finance and Economics.

When confronted with the inevitable question on how they treated their prisoners, the answer was that no prisoner was killed unless he continued to resist and refused to lay down his arms. Captured officials, soldiers and civilians were placed in the building which housed the Nanyang Tobacco Company in the western suburbs of the city. They were freed after undergoing interrogation. However, the generals and colonels were sent to the General and Colonel Training Corps for training and instructions. When their training period was over they were free to go wherever they preferred. Those who so desired could join the Communists.

Civil servants, tax collectors, councillors, Paochia chiefs and other government officials had to register. The leaders of the local KMT headquarters and of the San Min Chu I Youth Corps had to register and also submit a self-confession before they were allowed to enjoy freedom. Even the refugee landlords could get their share in the division of land or go home if they wished if they confessed and promised to turn over a new leaf and "bow down" to the poor.

Troop Discipline Good

The discipline of the Communist army was greatly admired. The soldiers never touched anything belonging to the people and were never allowed to beat the people. At the beginning, some local rascals pretended that they were Communists and in the name of the Eighth Army robbed the people. After being put on trial and found guilty these bandits were shot on the spot. On the other hand, the only groups which were put to death were the local Gestapo members, spies in the Communist army and local bandits.

Meanwhile, they divided the land and began rebuilding the traditional social structure. However, they were in no great hurry to overwhelm the "unconsciously behind the times" masses with rapid organization. Land policy was considered to be the best and richest source of enlisting the people into military service.

The opinion of the ordinary people of Hsuchang about the Communists can be classified into three parts:

1. The poor deem them better

than Yao and Shun (two ideal Chinese Emperors).

2. The rich feel that they are worse than the "floods and the beasts."

3. The middle class support their policy and admire their discipline but consider them too radical in some actions. There is no doubt that 80 percent of the common people and intellectuals admire them and accept their policy on the whole.

Generally speaking, every Communist has full faith in eventual victory. They feel that they are self-made and self-supporting, without any aid from abroad. The stringent manner in which corruption is dealt with is looked upon with great favor. For example, Commissioner Shih Yu-ming was punished and removed from office for favoritism in dividing his relative's land. "Bureaucratic" style is not known.

It is also true that they still do not have complete understanding about the workings of a city and its inhabitants and they are unable to fully grasp all the problems involved owing to the past 20 years' bitter experience suffered in fighting the civil war.

Again, it is true that they are anti present American policy toward China and they look upon American imperialism with great disfavor. But, they are not in the least against the American people; on the contrary, they want to unite with the mass of the American people.

Uncontrollable Price Boom

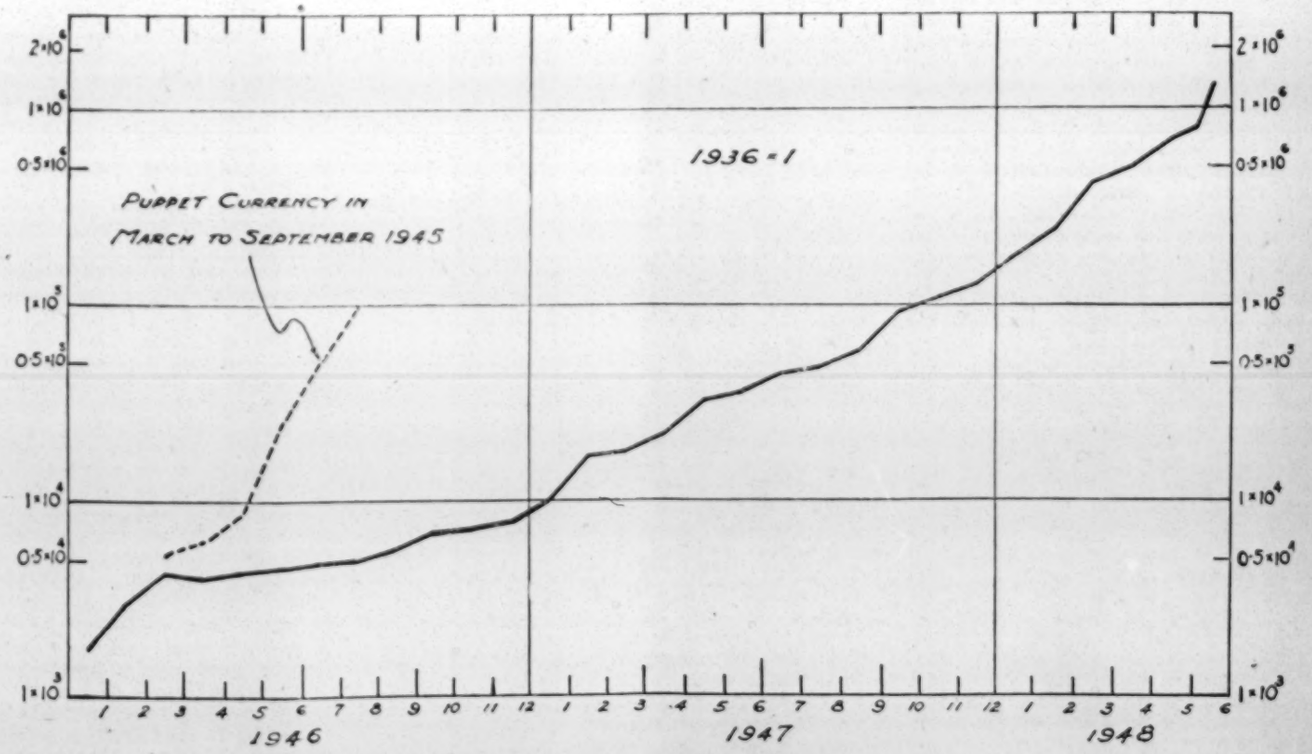
K. Stone

THE commodity price index for the second week before last was 1,288,000 and this week, it was expected to reach 1,500,000. From June 3 till June 19, commodity prices soared from 50 percent to 350 percent, averaging 100 percent. Such a terrific rate increase was never witnessed even in the days of the puppet administration and is certainly the most serious rise we have experienced since VJ-Day.

For the sake of illustration, the writer has prepared here a chart of the rise of commodity price indices which are plotted on logrithmic scale against time. For the whole year of 1946, we see a drop in April, and although a boom occurred in August-September, it was followed by a comparatively even curve in October and November. In 1947, the trend is somewhat different with steeper curves on the whole. Yet we can still see the flat curve of March-April after the February boom. The rate of rise for May, June, July and August was even lower than the average rate of the whole year. Following the October boom, the November curve is mild again. But this year, prices take much less time for rest than before. Right from the end of January, commodities swung up continually for two months and rested only for 20 days before swinging up again. Just before the June boom, prices had been stable for about 15 days and climbed with an inclination of 60 degrees. We see from the chart that the October boom last year had an inclination of 45 degrees. The February 1947 one was about a little more than 45 degrees, and the March one of this year is less than 60 degrees. But this time it is over 60 degrees, which not only is unusual but is an indication of a forthcoming woe.

Index 40 Million

A calculation of the rise of commodity prices in Shanghai, published in *The Economic Weekly*, Vol. 6, No. 6., says that during the period between February 1947 and the beginning of this year, the average rate is 4.87 percent a week, and that the average rate for the later half of 1947 is 6.66 percent a week. The writer remarked that the rate was already over that which appeared at the collapsing period of the puppet administration. If we try to compute the rate for the months since February of this year, we shall find that it is 10.19 percent (exceeding the previous one by 3.53 percent). Hence we may well predict that the rate for the second half of this year will become 13.72 percent a week. In other words, commodity prices will be 30 times what they are now, and the index will exceed 40,000,000 times that of 1936. This is terrific!



COMMODITY PRICES INDICES

HIGHLIGHTS OF THE POLITICAL RACE AS CONVENTION TIME NEARS

St. Louis Post-Dispatch

"The more he saw the less he spoke...."

Lynchburg News

"How's business?"

Baltimore Sun

"I'd like to reserve a smoke-filled room for a week in June."

The second characteristic of the present boom is the tremendous amplitude of fluctuation. Take the price of sugar for instance. On June 15 the price was CNC$16,400,000 per 50 kilograms in the morning. An hour later, a rumor said that the Central Bank would effect a special ration, and all of a sudden the price fell to 14,200,000. In the afternoon, the rumor was not established, and the prices rebounded to 15,280,000. However, after 5:00 p.m. the Central Bank did sell out a lot, and it came down to 13,600,000. The market for cotton yarn acted in the same manner on June 16 and 19.

Lack of Control Amazing

The third characteristic is the amazing lack of control of the prices. In previous days, when prices swung up there usually prevailed a great variety of comments, analyses and suggestions from the official papers. Generally speaking, here in Shanghai the mayor or somebody else of equal standing would deliver a lot of verbal or written "talks" explaining this and that for the "causes" of the various booms. But this time people were surprisingly quiet. The authorities seemed to be indifferent to the price boom. Nobody cared to mention it until the prices in general soared up 50 percent and the price of rice was nearing 10,000,000. Then the administrators seemed to begin doing something. They enforced the very well known but very ineffectual measure of "restricting" the prices. Members of the Legistrative Yuen tried to call for public attention that the price boom was very "serious" and complained of speculators in an effort to seek some sort of excuse for the government. The papers began to suggest that "we should discuss the matter instead of delivering irresponsible words of void sense." Ration of cotton yarn, cloth and sugar on a large scale followed, cessation of purchasing by the Central Trust was effected, and remittances from the north restricted, but all these helped little in checking the boom. It is not a question of 'want or don't want' but "can or cannot" in checking it. The potential forces of the boom are far beyond the controlling capacity of the administrators. This is the reason for their unusual "mouth shut" policy in receiving the boom.

Some Half Truths

(1). Some individual members of the Legislative Yuan considered the soaring of prices as being a result of hoarding and speculation. In the process of continually rising prices, market expectation tends for better prices. Such a phenomenon is inevitable since market expectation tends for better prices in the process of continual rises. Even ration prices of the official organs like China Textile Industries Inc., Central Trust, and Taiwan Sugar Corporation invariably follow the market prices. Hence speculation is a phenomenon, a consequence and not a cause of the rise of commodity prices.

(2). Some observers have regarded the selling short of Shanghai exchange in the Hongkong market as one of the causes for the present boom. This would have been true if the prevailing market conditions were the same as those in the beginning of May. As a matter of fact, Shanghai exchange in Hongkong on May 31 was 52 cents, on June 2 it was 48 cents and on June 3 it was 46 cents. While these figures were better than the lowest figure which appeared in the beginning of May, commodity prices in Shanghai on June 1 had already gone up 30 percent over the average figure in the beginning of May, and on June 3, 40 percent over. This shows that the selling short of Shanghai exchange in the Hongkong market is not a cause but a consequence of the rise of commodity prices in Shanghai.

(3). Undeniably, deterioration of the military situation had a considerable influence on the market. People catch here and there bits of reliable or unreliable news and spread them as quickly as they can on the market if it happens that such news is useful to them. Examples of this kind such as the recent battles fought in southwest Shantung and north Kiangsu did have stirring effects. However, up to now we cannot say this is the main cause.

(4). A most widely accepted yet unsound reason for the rise of commodity prices is the southward flow of capital from the north. It is estimated that through various devices, such as sea and air transport, registered mails etc., the influx of currency amounts to 1,000,000,000,000 per day. What is worse, as soon as the capital gets here it will be invested in speculation in commodities, gold bars and US notes since commodity prices up north are generally 10 percent higher than those in Shanghai. There is yet no way of checking it because as a natural tendency, capital always flows from warring areas to safer places. In spite of the fact that this factor is harmful to the Shanghai market, it is not the main cause because commodity prices remained still in the middle of May when the currency influx at that time was not less than 800,000,000,000 to 1,000,000,000,000 a day.

Main Cause

From what has been announced in the recent financial report by the Minister of Finance, Mr. Wong Yung-wu, the fiscal deficit for May was CNC$60,000,000,000,000 and total issuance of currency CNC$135,000,000,000,000, we realize at once that the basic issue of the skyrocketing of commodity prices lies in the untold effect of inflation. It reminds us to look back to the end of the detestable Jap-occupation period when, on one hand, production was fast diminishing with rapid stride, and on the other, currency and credit inflation had entered such a phase that commodity prices used to soar without reason. It is sad to see that history should repeat itself after eight long years of suffering on the part of the Chinese people.

The Great Chess Game

J. R. Kaim

ON the 13th or 14th of June, an acquaintance of mine rang me up: could I tell him how much the US dollar had been worth here at the end of January? "Which rate?, I asked, and he said he was talking of "the real one." I said I couldn't, but if he were an importer he would have got a dollar at CN$120,000. He asked whether I was sure of that and I said I remembered that very well. This, he found amazing: "How can you remember?" he asked and I had to admit that I would never have remembered indeed, but that I had a bank's official exchange rates table on my desk. . . .

In fact, few people here remember how fast the CN dollar has deteriorated, and few people abroad can imagine how little substance most people in China's great cities have lost through their inflated money . . . . providing they were neither employees nor workers. But employees as well as workers would have lost their jobs and would not know how to fill their rice bowls were not the average businessman and manufacturer in this country clever enough to struggle against the flood of inflation.

No great arithmetical knowledge is needed to grasp that matters here have developed almost "normally;" all one needs are a few price tables.

In fact, by the end of January, 1948, exporters received for US dollars surrendered to the Central Bank about CN$120,000 per dollar. At the same price the Bank furnished dollars to importers. On June 14, when that inquisitive acquaintance rang me up, the import-export dollar was worth about CNC$1,000,000 i.e. about 730 percent more. If one would care to look at a few other prices, he would find that during the same time the price of tung oil went up 710 percent, that of bristles about 600 percent, that of raw silk around 650 percent —and that of rice about 600 percent. Thus, more or less, we are again where we were in January. We are a little bit better off now because prices abroad, too, have increased, though, of course, not to the same extent, and also because prices of many imported goods have not—or not yet—increased in concert. To mention three examples: from January to the middle of June, kerosene had gone up 330 percent, caustic soda around 400 percent, rayon yarn about 560 percent.

However, there is good reason to believe that what differences there still are, will disappear in the very near future. It is merely a question of speed.

Speaking of speed in connection with money inflation, it may be worthwhile to compare price developments—in percent—during the second half of 1947 and the yet unfinished first semester of this year. It requires no great wisdom to say that the speed of inflation has increased drastically. To mention tung oil, one of China's most famous products, as an example, its price between July 1947 and December 1947 increased less than 450 percent, while between January and June, 1948, it increased 700 percent.

Still, for those calculating commodity prices at black exchange rates, matters have developed comparatively agreeably. Prices of many things have not gone up in concert with black rates: public utilities, for instance, postage, several domestic foodstuffs, gasolene, kerosene and quite a few others. Unfortunately, however, most people can sell dollars neither on the black nor on the gray market, simply because they have no dollars. They live from and base their calculations on *fapi*. All they know is that life is expensive when one has to reckon in his national money and that in terms of this money rice has gone up, within less than six months, by more than 600 percent.

Yet, even the one who has to sell no dollars tries to obtain information on what is going on in the city's black market. The "bamboo telegraph" works splendidly. No sooner than the great sharks have fixed their rates the highly interested cigarette vendor knows what it is all about. He even knows whether the new rate does or does not call for a rapid altering of price tags. Of course, he would alter his tags also if the black dollar remained unchanged and if wholesale cigarette prices went up. But he wants to know the black dollar rate, nevertheless. In his eyes it is a something similar to a barometer.

Wrong Barometer

In fact, the black rate is a wrong barometer. Its figures mislead. When it indicates storm, the wind may blow merely on the black market.

For the black market here apparently lives its own life. We have seen "legitimate" prices going up nicely in concert with legitimate exchange quotations; we have mentioned that while during the past five and a half months the import dollar went up 700 percent, tung oil prices, too, gained 700 percent, raw silk about 650 percent and even rice 600 percent. The same reasons that prompted prices to go up on the legitimate market, also caused the increases on the black markets. Obviously, it is the same everywhere.

There is no black exchange market in New York, because the dollar, though inflated, still is hard currency; but there is a grey market in motor cars because the supply still is far below the demand and because people think they need cars.

There can be no denying the fact that the smaller the number of trade and finance restrictions, the more insignificant the turnover on black markets. If tomorrow the Government would lift 90 percent of its present regulations this would be a far harder blow to black marketeers than the announcement that another 500 men will be enlisted with the Economic Police. For, while one can evade the police one cannot evade the developments of an unmanipulated market.

Comparing exchange rates on the one hand and price developments on the other, one cannot help thinking of two chess players, one being the State, the other the businessman, each trying to extricate the king. Up to now, the game still is undecided and may go on for quite some time—but not for a very long one. For any genuine inflation has its terminal point and there comes the moment when the king can no more be extricated and the game is lost. Then, there can be either a complete economic breakdown with all its financial, social and political consequences or a new currency based on something new. By no means, however, must that be a definitely new and once-for-all established currency. It may well be a transitory money supposed to bridge a gap. But even then it must be based on certain, not uncertain values.

Snowball Gaining

When one remembers the increase in speed of the Chinese money inflation as demonstrated in the above tung oil example, he must admit that the snowball has gained in any respect.

Few people actually believe that with the economic weapons applied at present one can hope to force the tempo down. The very fact that again black exchange rates are far ahead of the official ones shows that something is very wrong with the new Certificate system. Obviously, one can hope to improve the rate (from the standpoint of the exporter) by increasing the demand for Exchange Certificates, and one can do so only by increasing imports—for it is the importer who shall buy the new Certificates. Thus, by restricting imports one also restricts the demand for Certificates and, therefore, renders legitimate exports unattractive and unlucrative. Nor can one hope to attract Overseas Chinese remittances. Were the difference small between black and legitimate rates, there would be a chance for more remittances, (for the remittee would prefer a small loss to the risks of black transactions) but a difference of 50 percent or more certainly is no bagatelle.

Now, it is a fact known to and acknowledged by most economists

throughout the world that without price control there can be no real fight against inflation. If prices can be maintained, the cost of living will not rise and wage levels will remain fixed or almost fixed. If price control fails, wages and overhead expenses will rise and the vicious wage-price spiral will be set in motion. When price control is not considered feasable and rationing on a broad front not wanted or not possible, no foreign exchange and import controls can help for more than a comparatively short period. Also in the United States, the tempo of inflation increased when price control was lifted, but in the United States other remedies were and still are applied to check the speed of inflation and to control the dams that protect the national economy against floods.

Import control and exchange control are household remedies anyhow, but their remedial powers are particularly small when smuggling on the one hand and blackmarketing on the other continue to poison the body. Therefore, it is a rather safe bet that matters would not change very much, or not for long even if a new currency were introduced. The new currency would be inflated very soon and confidence in the new medium of exchange would diminish from the very beginning if it were decided to stick to the prevailing system of controls.

There can be either a full and real control system or none. If there is none, an increase of production certainly is one of the few powerful remedies against a new inflation, but for increasing production one needs more imports and better means of communications.

It is an undeniable fact that although America, Britain and even neutral Switzerland have experienced rising prices, none of them has yet been faced with a devastating inflation. Granted that the means they have applied cannot be copied in China, it still is a fact that the means applied and still stuck to in this country have proved failures. The sooner they are abandoned or changed fundamentally, the greater the chance to save substance and to avoid the creating of "criminals."

It certainly would be of no use to base one's hope on nothing but a new currency or a general currency reform. For, no reform and no new money can help, even if the latter be based on metal, so long as the country's production remains far below pre-war. New money is no panacea. Whether new or old, whether silver, gold or paper, money is and can be merely a medium of exchange. The real thing is the product or the service for which it is given in exchange.

So long as State and businessman do not work for the same idea and so long as their goals are different, because they are sitting at the opposite sides of the chess board, we can have little hope.

The Week's Business

THE week ending Wednesday, June 23, certainy saw less erratic developments than the preceding three weeks, but developments were by no means gratifying. Prices continued to increase and while exports may have been satisfactory, such price advances can augur nothing good for the near future. For, shipments made during the week under review generally consisted of cargoes contracted for during the preceding fortnight when various commodity prices had not yet followed the general development.

The premium paid by importers for Export Exchange Surrender Certificates was CN$1,000,000 for one US dollar on Wednesday last, compared with CN$360,000 at the beginning of the month. Such an increase offered various chances to exporters so that it can be taken for granted that total export results in June will not be too bad.

Nevertheless, blackmarket quotations were reported to have remained far above the Certificate price. This is believed to have prompted people abroad to remit more through the blackmarket than through legitimate channels. Merchants, therefore, continued to express the view that the present method of money market control is out of date and that the Certificate system can help only if imports are freer. There has been no improvement, however, in the import situation so that prices of essential industrial products continued to increase drastically.

Meanwhile, rumors that a currency reform was almost round the corner again were rampant duing the week under review. Stimulated by a recent statement of the Premier that reforms are contemplated, such rumors hampered trade activities and, to a certain extent, may have forced prices further up. For, even if imports were normal, businessmen would prefer keeping goods to keeping money or even shares. So much more so under prevailing conditions with imports restricted and future arrivals unpredictable.

In this respect, an editorial comment in *The China Press* read as follows:

"During the past few weeks the economic condition of the country has gone from bad to worse. Partly, this has been due to the situation on the war fronts, but partly, too, to the ridiculous "yes we have, no we haven't" attitude of government officials toward the mystic "currency reforms" which are always just around the corner, but which never quite arrive. In short, with uncertainty already at its peak point, the less uncertainty injected into the economic picture by Nanking officialdom, the better for all concerned."

The Central Bank's "household remedy" against what is considered too fast a circulation of money, recently was checked by the issuing of so-called cashiers orders by local banks. The Central Bank this week tried to render the use of such orders (which for all practical purposes may play almost the role of bank checks) more difficult by publishing various restrictions on both their being issued and used. Bankers were forbidden to issue Cashier Orders unless they are able to surrender to the Central Bank or the Clearing House ample deposits as securities against the full amounts of bank orders issued by them. As the new ruling was to be applied as from June 22, its full consequences could not be observed at the time of closing this review.

While, according to the China Institute of Economics, on June 19, the wholesale price index for foodstuffs was 11.01 times above December, 1947, and the textile index 10.01 times, prices continued to rise and rice reached $14,000,000 per picul. It was said that the authorities would dump imported ric on the market for at least $500,000,000,000 and would also sell Japanese reparation goods and rayon with a view to tightening the money market and force prices down.

Whether that program will be carried out and whether it will absorb sufficiently large amounts of idle capital still remains to be seen.

While trading in silver coins recently gained in importance and generally was considered legal by the public, the Finance Control Bureau on June 23 explained it was still illegal.

Quotations

Stock	June 16	June 23
	CNC$	CNC$
Wing On Textile	3,725	4,160
Mayar Silk	5,100	6,300
Commercial Press	985	1,480
Wing On Co.	860	1,040
Ewo Cotton	6,300,000	8,400,000
Bond C	610,000	520,000

Commodity	June 16	June 23
	CNC$	CNC$
Wheat Flour	3,310,000	4,280,000
White Rice, first	10,000,000	13,900,000
Peanut Oil	31,000,000	40,500,000
Raw Silk "C"	770,000,000	930,000,000
Jap. Rayon	572,000,000	732,000,000
Cot. Yn. (42)	500,000,000	655,000,000
Cot. Yn. (20)	298,000,000	450,000,000
Caustic Soda	245,000,000	330,000,000
Koo Pan Soap	17,000,000	20,100,000

US Magazine Roundup

US News & World Report

"MORE US aid for China, now on its way, won't stop the Communists. That's the way experts on the ground see it." This is the opening statement of an article entitled, "Aid to China: Is It Wasted?" appearing in the May 21, 1948, issue of *US News & World Report*. The article, reported from Nanking, continues: "New aid goes on top of $3,000,000,000 already advanced, but Chiang Kai-shek still is losing and inflation still is raging. Feeling among non-Chinese is that China is bogging down with graft, profiteering. US dollars can't win the civil war.

"The thing that impresses an American correspondent returning to China after a two-year absence is the defeatist attitude toward the outlook for stopping Communist gains. On every hand, in Shanghai and here in the capital of Nationalist China, there is a feeling that additional American aid is not going to affect the situation much. At this time, the US is preparing to put in an added $463,000,000 of aid to China. Aid given since the war ended amounts to between $3,000,000,000 and $4,000,000,000. This aid, however, has not stopped Communist advances. The studied opinion of almost every American and other non-Chinese political and military expert in this country is that no amount of help from the outside can restore the Nationalist strength. What is required instead is extensive reorganization and reform of the political, economic and military setup. That doesn't seem to be in sight....

"Since the resumption of the civil war, an American military expert points out, the Nationalists have not crushed a single Communist force nor won a single victory of real significance. The Communists, on the other hand, have annihilated entire Nationalist armies.... They have occupied thousands of square miles of territory.... The Japanese arms and equipment turned over to the Communists by the Russians at the end of the war have been used up, the American expert says, but the Communists are fighting on with arms captured or purchased from the Nationalist armies or produced in small arsenals in Manchuria and North China.... An American military observer in China feels that the way things are going it is only a matter of time before the Communists will occupy most of China. By 'a matter of time' he means years, rather than months.

"China's real problems stem from the character of Chiang Kai-shek's Government, in the opinion of almost every observer interviewed here and in Shanghai. Their composit opinion goes along these lines:

"The KMT Party Government of Chiang consists almost exclusively of landlords, propertied warlords and generals of one military clique or another, bankers who profit from wartime speculations, and professional politicians vying for power. The Government cannot mobilize or obtain the cooperation of the people. The Communists, on their side, have succeeded in mobilizing the peasants with promises of 'land for the landless.' The Nationalists promise land reform over and over, only to increase taxes or demand a larger share of crops. The result is that most peasants are apathetic toward the Nationalist war effort, or openly hostile to it....

"One of the best-informed Americans in China says that 'self-destruction' has to be the policy of the Chiang Kai-shek Government. As he sees it, if the KMT carries out the reform necessary to defeat the Communists, it will destroy itself as a party dictatorship. If it doesn't.... it will be destroyed by the Communists or by disintegration....

In the US there is some suggestion that American troops should be used to help stop the Communists. Over here, military opinion is that such a step would be highly impractical. American forces, the opinion is, would only get bogged down, lost in a vast expanse of Chinese territory, with the prospect of little aid from Nationalist armies that would be glad to have their fighting done for them....

"The American policy is to prevent China from going Communist, but military experts on the ground are at a loss as to what course the US can take to turn the tide in the civil war. They are convinced that American help—in whatever quantities—cannot be effective against the Communists until the Nanking Government is prepared to put itself on a more democratic basis and end its one-party rule. Objective of the latest US aid program is to prevent collapse of the Nationalist Government . . .

"A breathing spell is what Americans hope to give the Nationalist Government with the new aid program. They say the degree to which the Chinese cooperate in making this aid effective will be a factor in determining further assistance."

* * *

United Nations World

YOUNGHILL Kang, Korean-American author, tells "How it Feels To Be a Korean.... in Korea" in the May 1948 issue of *United Nations World*. "In the Russian zone," he says, "there is no freedom, little food, high taxes, fear. It is very bad. In the American zone it is at least as bad. Southern Koreans are imprisoned, tortured and impoverished by their government. For more than a year and a half I lived in Korea as an American among military-Government Americans. But the Koreans, of all political shades, treated me as a Korean. From them I learned much that they would have been ashamed or afraid to tell others.

"One must not wholly blame the US Military Government for the terror and grafting that exist in South Korea. The responsibility lies, first, with a few cynical political leaders who have betrayed both their people and the American army. The second share of responsibility I place on American missionaries who, brought back to advise the Army, unwisely chose reactionaries for positions of power.... Nonetheless, the Army remains the American agency on that ground which *could* correct the evils of the provisional regime. It has not done so because, in establishing the Korean government, it promised to keep hands off domestic affairs."

Dr. Kang tells of hunger that exists in both zones of occupation, declaring that "no Korean is well-fed, except the politician and the racketeer." While the northern section of Korea is rich in minerals, electric power, industries and fishing grounds and the southern area is rich from a food-growing standpoint, the fact that free interchange of the natural resources of the two zones is impossible under the divided occupation creates hunger and poverty throughout the country.

The author admits that he cannot exactly estimate the effect of the Communists' land reform, distributing some 2½ million acres among previously landless farmers. "Dispossessed landowners, now in the South, angrily say that their old farms are rundown and less productive. They say that their former employees lack initiative and know-how, that they sit idle in the sun by day and drink wine by night, instead of tilling their fields. One can, I think, discount such talk. Yet one must not assume that ownership of a few acres has automatically converted impoverished peons into productive farmers."

As for taxation in the two zones, Dr. Kang states that in the US zone, the huge Japanese estates are considered "enemy property" under MG control and are rented out to the same dispossessed families who farmed them for the Japanese at a rate no more than 40 percent of what the farmer grows. (The Japs took 50 percent, or more.) In the North, the new "freeholder" pays no rent, but is taxed 25 percent of his produce by the State. "However, this direct tax is not the only one, and other special levies sometimes run the total up to 50 percent, just as under the Japanese. In individual cases the total of all levies has reached 70 percent."

Of the outlook for South Korea the author says; "If the reactionary politicians do not ruin South Korea, inflation almost surely will."

NEWS OF THE WEEK

Communists Enter Honan Capital; US Foreign Aid Has Strings

SAVAGE fighting was going on in Honan and the outcome is most likely to have a far-reaching consequence on the military situation in Central China as a whole. After a couple of days' combat, the Communists entered the provincial capital—Kaifeng. Official military reports on June 20 conceded the virtual loss of Kaifeng, saying that government positions within the city have been reduced to a few small pockets. General Liu Shih, the Nationalist Commander-in-Chief for East China, flew over beleaguered Kaifeng June 19 for several hours, ordering the defenders to hold on "at all costs."

President Chiang Kai-shek rushed to Chengchow by plane on the afternoon of June 21 to confer with his field commanders on the current military situation. The president is also reported to have flown over the city of Kaifeng, issuing orders to the Nationalist commander in the city to fight to the last man pending the arrival of heavy reinforcements.

According to press reports, the government was airlifting troops from Hankow and Sian to Honan. General Ho Ying-chin, Minister of National Defense, told a meeting of the Central Political Council that if Kaifeng's defenders could hold out for a week the whole situation would be changed in the government's favor.

Meanwhile, reports in the Chinese press indicate that the Communists are driving on Chengchow and skirmishes occurred on the outer perimeter of the city. It would appear that the Communists are doing their best to prevent the Nationalists from sending reinforcements to Kaifeng.

To the man in the street, the fall of Kaifeng came as a complete surprise. What was particularly distressing was the fact that the city fell into Communist hands in a couple of days. According to one story, the Nationalists in a fan-like advance in western Shantung were driving the Reds back to the Yellow River, when the Reds made a diversionary attack on Kaifeng, thus catching the Nationalists by surprise.

The objective of Chen Yi's forces, according to the *AP*, is apparently Kaifeng's arsenal where weapons are manufactured for the use of Honan militia and other Nationalist troops. It is further pointed out that the Reds are taking advantage of the Government's obvious disorganization to make simultaneous offensives on various fronts. More of Chen Yi's "breakout" Communist army of 80,000 men are said to have entered Honan from southwest Shantung after evading the pursuing Government troops.

* * *

New Tactics

BACK in Nanking, a large group of Honan leaders were highly upset in view of the recent developments in their home province. On the night of June 20, they conducted a hunger strike at President Chiang Kai-shek's official residence, imploring the president to rush reinforcements to Honan to save the desperate situation. They also demanded that the President himself go to the front to direct operations in defense of Kaifeng or send a general of high reputation to the front and set a time limit for the recovery of the provincial capital.

Minister of National Defense General Ho Ying-chin told the *United Press* that the Nationalists will shortly change their fighting methods against the Communists. While refusing to reveal the exact changes he has in mind, he indicated that the new type of warfare would be mobile rather than positional.

General Ho argued that it is impossible for the Nationalists to reduce the number of troops—however desirable this economy may seem—because they are not fighting a foreign enemy. He said they must protect cities, strategic points and communication lines and contend with the "continuous growth" of Communist manpower.

The over-all objective now, he added, is not so much to kill Chinese Reds as to capture their weapons, since the civil war does not consist of general engagements or decisive battles as was the case with the anti-Japanese war. He deplored the miserable plight of the common soldier and admitted that discipline is poor, but said the solution lies in increased food and pay which the country cannot afford.

It will be interesting to recall that as early as last autumn there was much talk about the government's decision to introduce what was then called "total warfare" tactics. General Ho did not say whether his new plan has anything to do with the total warfare tactics.

* * *

Rice Riots

AS the result of the alarming rise in rice prices to more than CNC$10,000,000 per picul, rice riots were reported in various parts of the country. In Ningpo, all the 200-odd rice shops were looted by hungry and unruly crowds which the police and military found impossible to control. The total losses of the shops are estimated at CNC$100,000,000,000,000. In one shop a man was hit by crumbling rice bags and crushed to death, while 10 others suffered injuries. After the incident, curfew was proclaimed.

In Chungking, China's war-time capital, where living costs are said to be low, more than 30 rice shops in widely-scattered areas of the city were looted by rioters on the night of June 16 when the price of rice suddenly jumped from CNC$5,000,000 to CNC$10,000,000 per picul. After the outbreak of rioting, the police and military were mobilized. About 250 persons were rounded up as they were ransacking the rice shops.

The next day, police were ordered to shoot on sight as the municipal authorities proclaimed emergency action to prevent further riots. As a disciplinary measure, 23 of the 250 rice looters under arrest will be executed by order of the mayor. It was further disclosed that the rioting, which began in Chungking proper, had spread to the suburban districts across both the Yangtze and Kialing rivers.

Similar incidents were reported to have occurred at Taihsin, Wuhu and Changchow. As a matter of fact, the skyrocketing of prices in recent weeks has presented a serious threat to the livelihood of the people. Everywhere, the problem has been the most popular topic of conversation.

The situation in North China is much worse. This is to be explained by the fierce fighting now in progress there. An *AP* story dated June 20 from Peiping reported:

"Economic conditions in North China are now in a topsyturvy state. A spectacular slump in the value of Chinese currency, particularly in the past week, caused untold hardship. Among the worst hit were the white collar workers whose pay, while adjusted periodically, is always a long way behind prices. It is all a white collar worker can do to pay for his food and rent . . . Large business and banking houses have for some time now added a few more strings of beads to their abacuses to keep pace with inflation. Airline offices which handle billions of dollars a day hire employees whose only work is to count money. The inflation has even hit heaven. Joss money is being burned at funerals for use of the dead in the next world. It is printed as high as a hundred billion dollars . . . Whole situation may be summed up in one of the commonest phrases in use—'Chien pu chih chien' (The money is not worth the money.)

* * *

American Aid

THE Legislative Yuan discussed on June 22 the strings which the United States Congress attached to the US$400,000,000 economic aid to China. Premier Wong Wen-hao in a message to the Legislative Yuan urged acceptance of the conditions before the end of the month to enable the conclusion of a Sino-American agreement on administration of the aid program by July 3. Well-inform-

ed sources in Nanking revealed that the agreement on administration of the aid program contains the following provisions:

(1). The Chinese Government agrees to undertake to discharge its obligations under the aid program, and agrees to the principles on distribution of supplies stipulated by the United States Congress.

(2). American aid officials shall enjoy diplomatic status in China.

(3). China shall draw up a self-help program for developing agricultural and industrial production, stabilizing the currency, balancing the budget, and effective utilization of China's internal resources.

(4). China shall supply the United States with such raw materials as may be needed.

(5). Supplies for philanthropic purposes shall be exempted from customs duties.

Commenting on American aid to China, Mr. Liu Pu-tung, noted leader of the Legislative Yuan, told the *Ta Kung Pao* that rumors were persistent that American aid to this country contained secret conditions which were under suspicion of interfering in China's internal affairs. Alleged conditions are as follows:

(1). Opening China's inland rivers to American shipping.

(2). Reducing the activity of Chinese Government-operated enterprises.

(3). Promoting capitalist economy.

(4). Resisting Soviet Russia.

(5). Backing up United States policy in Japan.

Reuter's reported from Nanking that preliminary arrangements have been made to open China's inland waters to American shipping carrying aid supplies into this country. An official of the Navigation Section of the Ministry of Communications stated, however, that permission for American vessels to sail up the Yangtze was granted under conditions "which will not infringe on China's inland navigation rights," which have been jealously defended against foreign shipping since the end of the war. It was further said that such special privileges were granted only for a temporary period of six months or one year and that the ports of call were limited to Nanking and Hankow.

According to a preliminary agreement, only American ships carrying aid supplies and arriving direct from foreign ports will be permitted to call at the two ports and these ships, on return voyages, will be allowed to carry only export items going directly to foreign countries.

Apprehension is being felt in Chinese shipping circles over what is described as an unbearable precedent in allowing American ships to enter China's inland waters. It is further feared that Britain, which is reported to have unsuccessfully maneuvered to obtain similar privileges, may want to renew the request, which the Chinese Government will no longer have any valid reason for refusing.

Following the example of the students of Peiyang University in Tientsin, more professors and students of the various universities in Peiping have turned down food rations provided under America's China relief program. The faculty of Tsinghua University in a public statement stated that they had decided to refuse American relief supplies because they wanted to demonstrate the dignity and character of the Chinese people and they did not wish to barter their soul for American relief.

The professors of Tsinghua University were particularly upset about the speech made by American Consul General Cabot. An American professor at the university condemned Cabot's address as "stupid and ignorant."

Many students of the National Peking University also refused American relief, firstly in protest against Cabot's "insulting" statement, secondly because of Ambassador Stuart's statement. The students made two points: first, China and the United States jointy defeated Japan and second the United States may aid China as an ally, but not as a savior.

The student self-governing body of Tsinghua University appealed to all government-supported students to throw 65 percent of their subsidies into a common pool, thus helping support the poor students and enabling them to reject American relief.

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Strings To US Aid

THE strings which the United States attached to its aid to European countries are reported to have aroused much bitterness and resentment. According to press reports, Sir Oliver Franks, British ambassador in Washington, is holding a "showdown" conference with State Department officials to try to solve the deadlock on Marshall Plan bilateral agreement negotiations. The deadlock, it was learned, has arisen over two or three clauses in the draft bilateral agreements which all beneficiary countries must conclude with the United States by July 3, or all Marshall aid will cease. Authoritative sources said the clause in the draft agreement concerning possible currency devaluation is the key point in the dispute. British officials are now understood to favor complete elimination of such a clause, because its presence would, it was thought, cast a dangerous and unjustified uncertainty over the stability of the currency concerned.

French sources also described certain features of the draft agreement as "objectionable" and "unacceptable." It was pointed out that the draft agreement would bind European nations to give "most favored nation" treatment to occupied Germany and Japan.

Another provision to which objections have been raised is one stipulating that American citizens must receive full compensation if their interests are affected by a European nationalization program. If they did not receive compensation they would have recourse to the International Court. Several European countries are understood to feel that this is offensive and should at least be toned down.

* * *

Fighting Ends In P.I.

INTERNAL fighting in the Philippines, which has lasted about two years, suddenly came to an end on June 21 when President Elpidio Quirino signed a proclamation extending amnesty to the rebel Hukbalahaps. The amnesty proclamation was signed in Malacanan Palace in the presence of Luis Taruc, the Huk leader who came voluntarily to Manila to make peace with the Government. The details of the amnesty proclamation were not available yet but it was reliably understood the order gave full freedom without strings to Taruc, his leaders and followers in return for their laying down arms against the Government. The proclamation also guarantees agrarian reforms and basic freedoms of speech, worship, assembly and association. The tentative agreement stipulated that Taruc's meeting with the President will not be interpreted as a "surrender."

Taruc told the President, "I came here so there could be a democratic peace for rich and poor alike. I hope that constitutional rights will be guaranteed so peace and order can be restored.

President Quirino said he is "greatly hopeful that in the peace to follow, a program of social amelioration for the masses of this country can be put into effect."

* * *

Fight Communism

THE Republican party is holding its national convention in Philadelphia to nominate its presidential candidate. The policy-makers of the party are reported to have decided upon a party platform calling for a fight to the finish against Communism.

Joseph E. Martin, Speaker of the House of Representatives, told the convention that one-fifth of the world is enslaved by Communism and that "the rest of the globe is threatened with the spread of this cancer." He further pointed out that "of those nations not under the domination of Communist dictatorship, fully half are sampling the deceptive drugs of socialism or statism in one form or another." In his opinion, "only America stands in the path of a police state world. Only a strong America can hold back the tide."

Then he launched into blistering attacks on the Truman administration. He asked: "How can we expect the world to put its faith in America when we have an administration in Washington which can change its mind five times in two years on one phase of foreign policy, two times in three years on another phase, twice in two years on still another and twice in three years on a fourth. I refer to our treatment of the Palestine, Russian, Argentine and German questions. It is an appaling record." At press time Governor Thomas Dewey of New York appeared to have a leading position among contenders for the Republican Presidential nomination.

What US Papers Say

PRESIDENT Truman's recent foreign policy address in which he stated that the US cannot make "deals" with the USSR on matters involving other nations was favorably received by the US press. KMT reform and US Japanese-German policy were also discussed in last week's US papers.

* * *

Truman Speech

EDITORIALS regarded the President's address as a needed restatement of essential facts regarding the Soviet Union's disruption of postwar peace efforts. Some papers mingled their approval with criticism that certain actions of the President have not helped US foreign policy.

The *St. Louis Post-Dispatch* said: "The United States, the President said, finds no difficulty in living at peace with nations which have economic ideals different from ours. As an example, he might well have cited our cooperation with Britain's Labor Government. For that matter, he might have pointed to almost any one of the Western European nations for the reason that Socialist thinking has a very considerable part in the shaping of their affairs. That, however, has been no barrier to Marshall Plan aid—aid which was offered to Russia but rejected, and denied by the Kremlin to the lesser countries which have fallen under its domination.

"In a way, the speech was the latest word in the American answer to the recent Russian 'peace offensive.' This nation is ready to discuss outstanding differences, said Truman, but it is interested in peace and not propaganda. The Kremlin can give a token of its earnestness by abandoning its stiff-necked way in Korea and in Greece and it will find that "the door is always open for honest negotiations looking toward genuine settlements:

"It will find that the United States is not interested in toying with the destinies of other nations, but in creating conditions under which all may live in prosperity free of coercion . . . It is well that the President once more presented the American position with such clarity. It brings reassurance to all outside the Red orbit by reminding them that the foundation of world peace exists, that the temple can be reared, whenever the men of Moscow free themselves of their misconceptions and decide to take an honest hand in the work."

The *Denver* (Colorado) *Post:* "There is no way to peace—that is, peace with freedom—less difficult or more certain than the one we are pursuing today. That is the way of firm, patient resistance to aggression, accompanied by self-sacrificing exertions to strengthen free peoples. "The method is costly and, at times, nerve-racking and confusing. Moreover, it is a way fraught with risk. But it is neither as costly nor as risky as the alternatives."

The *Indianapolis News*' "Forcefully, Truman enunciated more fully than ever before this principle: that this country will not allow the world to be carved into two spheres of influence in which only the United States and Russia would dominate. "No nation has the right to exact a price for good behavior. That is the Russian tactic of obtaining and exploiting 'conferences.' Of that the United States has had enough."

The *Kansas City* (Missouri) *Star:* "Because the new democratic coalition could yet fall apart and thus afford the Russians an opportunity to destroy us all piecemeal, it is essential that the American people understand the true nature of the East-West cleavage, as the President has described it. But it is equally imperative that the American Government should be guided by this same principle in the day-to-day conduct of our foreign policy. A few more displays of ineptitude, such as marked the Smith-Molotov interview and our handling of the Palestine issue, could work infinite damage."

The *Milwaukee* (Wisconsin) *Journal:* "Russian refusal to cooperate has not been simply directed against the United States, it has been against all the non-Soviet world and that means all nations not under Soviet domination or duress. "In this light, no dulcet words from Moscow can have any meaning unless they are accompanied by action. The opportunities for peaceful and cooperative Soviet action exist in many places today, as they have existed ever since the end of the war."

* * *

US Jap-German Policy

"THE question of what to do with the Germans and Japanese has been complicated by recent developments underlining quite understandable fear and hate among neighbors who have suffered at their hands," the *Montgomery* (Alabama) *Advertiser* said recently. The paper continued:

"There is a tendency to lighten up a bit on the Germans and Japanese, to permit a measure of rebuilding of their industries so that their people can earn a living and cease to be a burden on their conquerors. Such moves, even though hedged about with safeguards against a revival of military power, have evoked hostility in France and China, respectively . . . French and Chinese agitation can be put down in a measure to politics: There is no reason to suspect that French or Chinese politicians are more squeamish than others in exploiting issues that carry a sure popular appeal. But it is not altogether that. The French and Chinese have experienced the savagery of German and Japanese aggression. They are haunted by fear of some future veering in American policy that might leave them up against it again.

"It is obvious, though, that the Germans and Japanese cannot be forever penned up like inmates of a panel institution, denied means of making a living and of incentive to improve their lot. Development of real democracy in both countries will be a long-drawn process and we should keep a firm grip while it is going on. But there must be a beginning and certainly an essential first step is to put them to work."

* * *

KMT Reform

THE *New York Herald Tribune*, commenting on the position of Chiang Kai-shek, declared that the immunity from public criticism which the Generalissimo has enjoyed for many years no longer exists, and quoted recent criticism of Chiang by members of the Legislative Yuan. The paper continued:

"Such strong words are a direct result of the failure of the basic policy the Generalissimo has followed during most of the period since V-J Day. This policy has been to try to crush the Chinese Communists by military means with the aid of American supplies and without much consideration of public opinion in China. Machine-guns and artillery have been relied upon for victory and not much effort has been devoted to carrying out long-needed reforms that would make the Chinese people strongly pro-Government and strongly anti-Communist.

"Loss of China to the Reds still could be prevented. But the hours of opportunity are passing rapidly and, if there is no change in policies, the time will come when even the Generalissimo could do nothing to avert disaster. Despite his magnificent achievements of the past —his unification of China 20 years ago, his tenacity in resisting the Japanese through eight bitter years of war and his efforts to create a sound constitutional government for China—the Generalissimo's credit becomes lower every day.

"There would be a rebirth of hope in Nanking if the Generalissimo took radical action to provide new leadership. The most drastic step that might be considered would be his resignation in favor of Vice President Li Tsung-jen, one of the most persistent advocates of reform in China. Another possibility, less drastic, but possibly effective, would be for the Generalissimo to find some means, short of his own resignation, to turn over the powers he now exercises to an emergency war cabinet. There are enough men of outstanding quality in Nanking, among them Wong Wen-hao, the Premier, to create an excellent war cabinet. Aside from such proposals, still other moves could be made that might be effective. But something forthright and bold should be done, preferably by the Generalissimo himself, while there still is hope of saving China.

What Chinese Papers Say

THE American policy in Japan continued to be the favorite and most popular topic with the Chinese press in Shanghai. The independent *Ta Kung Pao* published an editorial which might be considered an indirect reply to United States Ambassador J. Leighton Stuart's statement deploring the anti-American agitations by Chinese students. A summary of the significant editorial follows:

"Because the Chinese people oppose the U.S. building up Japan, Ambassador J. Leighton Stuart has issued on behalf of the U.S. Government a statement which is in the nature of a warning, and Foreign Minister Wang Shih-chieh also has issued a statement on behalf of the Chinese Government. The Chinese say that the U.S. Government is building up Japan, but the U.S. Government refuses to admit this, thinking that Japan will never rise again. What, after all, is meant by building up Japan? What is meant by making it impossible for Japan to rise again? Obviously, there is much difference in opinion between the two sides concerning these two questions. The Chinese feel that the U.S. Government has already gone too far in building up Japan, while the U.S. Government feels this will never make Japan rise again. Herein lies the difference between the two sides.

"Having been established for more than a century, the United States has enjoyed to the full the blessings of national security. It was not until Pearl Harbor that she was dealt a heavy blow by Japan, surreptitiously and fiercely. After all, the U.S. is richly endowed by nature, so after three and a half years of struggle, her counter-offensive proved a success, with the result that she has now become the strongest Power in the world. The use of two atomic bombs, which were the first ones to be manufactured, forced Japan to surrender. Judging by the improvement in the manufacture of atomic bombs which have been made, the United States naturally is not afraid of another Pearl Harbor by Japan. Even if the industrialization of Japan is intensified and even if the living standard of the Japanese people is raised to the prewar level, the U.S. certainly will not be afraid of another Pearl Harbor by Japan. Therefore, from the subjective point of view of America's national security, the U.S. Government's statement that it will not make Japan rise again is true.

"However, the words "strong" and "weak" are adjectives used for comparison purposes only, and national security and national insecurity are also relative in nature. From the standpoint of the U.S., if there is not another Pearl Harbor, she is secure. From the standpoint of China and of all the nations in the Far East, this is very great insecurity. The Far Eastern Commission is now discussing the question of the industrial level which Japan should be allowed to retain and of the living standard of the Japanese people. These discussions are based on the Pauley report and use the 1930-34 level as the standard. The Chinese cannot forget what the period 1930-34 was like. It was during those years that Japan grabbed the Three Northeastern Provinces and set up the puppet "Manchukuo"; attacked the Woosung-Shanghai area; applied military pressure against, and invaded, North China and Inner Mongolia; engaged in armed smuggling and openly undermined China's foreign trade, and made an endless stream of political and economic demands on China. Finally, this series of events led to the Lukouchiao Incident of July 7, 1937, which marked the beginning of China's eight years of war of resistance and which heralded the Second World War. The Chinese cannot forget the sufferings which they personally experienced and so cannot agree to these proposals. The many Far Eastern nations, due to the requirements of their own national security, cannot agree to these proposals of the U.S. But the U.S. has insisted on acting in this way, and the missions which she has sent to Japan one after another have proposed even more liberal treatment for that country.

"The difference of opinion between the Chinese and American Government is due to the fact that they look at the problem from different points of view and that the requirements of their national security are different. But should the American point of view be accepted? Or should the point of view of China, i.e., of all the Far Eastern nations, be accepted? We would like to propose two criteria for the solution of this dispute.

"1. The war against Japan was not the business of U.S. alone and the Allied nations should all have the right to decide how Japan should be disposed of in the future. They should handle this matter through mutual consultations. The U.S. does not have the right to handle Japan singlehanded according to her own ideas. In carrying out the task of occupying Japan on behalf of the Allied nations, the United States is under an obligation to explain to and to persuade the other Allied nations, but has no right to warn any Allied nations against opposing these measures. Since she is one of the Allied nations, China has the right to oppose the U.S. measures and also the right to demand persistently that the U.S. should consider the stand and interests of China and the other Allied nations in the Far East.

"2. The peace and security of the world does not hinge on the security of the small number of strong nations but rather on the security of the large number of weak nations. If the small number of strong nations are secure, while the large number of weak nations are insecure and are constantly invaded or threatened with invasion, then the entire world cannot be secure, nor can it enjoy peace.

"So far as the problem of handling Japan is concerned, the security of China and of the Far Eastern nations is more important than that of the U.S. If Japan is controlled in such a way that she will not be able to invade and wrong China again, such a Japan certainly will not be able to invade the U.S. If, on the other hand, Japan is controlled merely according to the ideas of the U.S., such a Japan will still be able to invade China (politically and economically) and other Far Eastern nations, so that peace still cannot be achieved. For this reason, China has the right to oppose America's building up Japan and to persistently demand that the U.S. take into consideration the stand and interests of China and the other Far Eastern nations.

"Ambassador Stuart says that Japan will be made never to rise again. This should be based on the standard of China and of the other Far Eastern nations, and not on that of the U.S. alone. We appeal to the American people to urge their Government, in the name of justice and on the basis of their common sense, to work with them for the peace and security of the world."

The more moderate *Shun Pao* took issue with the Japanese government's "Five Year Recovery Program," instead of directly attacking the United States government. Pointing out that Japan's "Five Year Economic Program" is aimed at achieving in 1952 the 1930-34 living standard of the Japanese people, and an industrial level which will be able to maintain this living standard, the paper noted that the US House of Representatives' action in refusing the US$150 million loan is a setback for the Japanese and warned that the program is still there and can be revived to become a serious menace to the Far Eastern nations. "The only way in which the Far Eastern Commission can remove this menace is for it to stop the 'Five-Year Economic Recovery Program' from being implemented.

The Army organ *Ho Ping Jih Pao*, however, took a different line on the subject. It called the anti-American movement "another form of Communist instigated agitations. "The charges against the American policy in Japan were so groundless and contrary to facts that everyone who had at one time believed in the charges feel ashamed after reading the statement issued by the political advisor to SCAP."

The Review's English Lesson—XXXVII

Idioms from the *Review*, Quotations from Abraham Lincoln, a Letter of Introduction and Slang Expressions.

THE following words and expressions are taken from the June 12th issue of the *Review:*

"had to fight like the dickens" (page 43, paragraph 4)—They had to fight with all their strength. "Dickens" is an inoffensive or mild word which is often substituted for the stronger word "devil."

"the lion's share" (page 43, paragraph 5)—The larger or greater part.

"a breathing spell" (page 43, paragraph 5)—a respite. In a sporting contest a "breathing spell" is a rest period during the contest when the participants stop temporarily to regain the breath they have lost.

"palmy" (page 43, paragraph 8)—Flourishing or prosperous.

"By the skin of its teeth" (page 44, paragraph 2)—By a very narrow margin.

"easy money" (page 44, paragraph 9)—Money which is gained by little or no effort.

"Uncle Sugar" (page 44, paragraph 9)—The term is used with derision. In American slang, a "sugar daddy" is an elderly man who has lots of money and freely gives it to his mistress. The phrase "Uncle Sugar" means that "Uncle Sam" (the U.S.) is behaving like a "sugar daddy."

"if the Government can swing it" (page 46, paragraph 4)—If the Government can make it successful, or manage it well.

"lame-brained thoughts" (page 46, paragraph 8)—Unintelligent ideas. The underlying concept of the phrase is that those who have crippled or lame brains, cannot think well. A strictly slang expression, not to be casually used.

"to smoke out" (page 46, paragraph 12)—To expose. The expression comes from the act of setting fire to the retreat or hole where an animal you are seeking is hiding. When the smoke reaches the animal's nose, he is forced to leave his hiding place and expose himself.

* * *

THE quotations in this week's Lesson are from Abraham Lincoln, a famous and frequently-quoted President of the US. The first quotation is from a letter Lincoln wrote to James C. Conkling in 1863 and the second is from a conversation with A.K. McClure, a caller at the White House.

(1) "Among freemen there can be no successful appeal from the ballot to the bullet, and . . . they who take such appeal are sure to lose their case and pay the cost."

(2) "If you once forfeit the confidence of your fellow citizens, you can never regain their respect and esteem. It is true that you may fool all the people some of the time; you can even fool some of the people all the time; but you can't fool all of the people all the time."

Below we will give you a model for a letter of introduction. We feel that this will be helpful to you, because people are often called upon to write letters introducing friends, business acquaintances, etc. to other people.

921 Kwangtung Lu
Shanghai, China
June 22, 1948

Mr. Wang Chou-hsi
14 Shanghai Lu
Nanking, China
Dear Mr. Wang:

This will introduce to you the bearer, Charles Wu, who would like to work for you during his summer vacation from the Shanghai American School. You may recall that I mentioned him to you last week when you said you would need a laboratory technician.

For the past two years Charles has been a student of mine in chemistry class and has done excellent work. I know that Charles is well qualified to render you good service. He is intelligent and willing to work, and is anxious to spend some time in Nanking. If you employ him, I feel sure that you will find him satisfactory.

Sincerely yours,

* * *

In order to widen your knowledge of American slang, we list the following words and expressions and their meanings. Wherever possible, we also give the origin of the term.

"dead-beat"—a person who gets something, e.g., money, without giving anything in return; a person who gets something at the expense of another.

"stag-party"—an entertainment or party at which only men are present. A stag is a male deer.

"horse-sense"—common sense. According to folk legend a horse supposedly has a great deal of inborn intelligence in accomplishing what is best for his welfare.

"boiled-shirt"—a smug, conceited person. A man who wears formal dress wears a stiff or "boiled" shirt and such men may appear smug and conceited to those who never wear such attire.

"poppycock"—nonsense. The derivation of this is unknown.

"back-talk"—a rude reply.

"corn-belt"—the mid-western US, e.g., Illinois, Iowa, Indiana, etc. In the "corn-belt" areas corn or maize is one of the main crops raised by farmers.

"square-meal"—a hearty meal.

"crank"—a fanatic.

"backbone"—moral courage.

"scrape"—a fight or difficulty.

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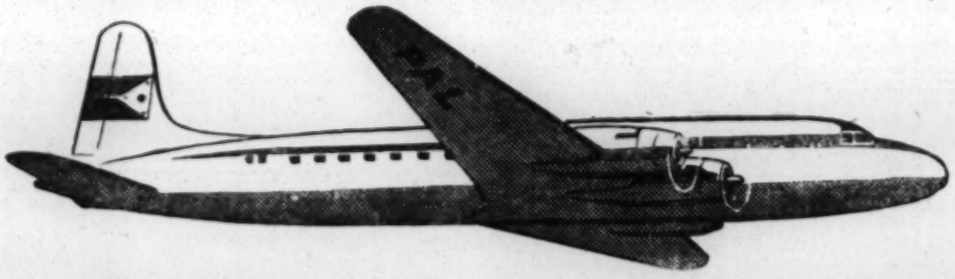

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